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November 1, 2012

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Federal Election Commission  
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Washington, D.C. 20463

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FEDERAL ELECTION  
COMMISSION  
2012 NOV -2 PM 3:31  
OFFICE OF  
COUNSEL

RE: Complaint against Obama for America, Martin H. Nesbitt, Treasurer

To Whom It May Concern:

Pursuant to 2 U.S.C. § 437g(a)(1) and 11 C.F.R. § 111.4, Joseph Farah and WorldNetDaily, Inc. ("WND.com") hereby file this Complaint against Obama for America, Martin H. Nesbitt, Treasurer.

Complainants herein are the founder, editor and publisher of WND.com, an internet based media entity and WND.com, a media entity.

This complaint is filed against Obama for America, Martin H. Nesbitt, Treasurer ("Obama Campaign") for systematic violation of the Federal Election Campaign Act of 1971, as amended ("the Act" or "FECA") and the regulations of the Federal Election Commission ("the Commission" or "FEC"), specifically for soliciting, processing, accepting and confirming contributions from foreign nationals and non-U.S. citizens in contravention of 2 U.S.C. §441e.

Federal law specifically prohibits the pattern of soliciting and accepting foreign contributions in which the Obama campaign is engaged and has been engaged for more than four years.

Federal law states:

**2 USC § 441e - Contributions and donations by foreign nationals**

**a) Prohibition**

It shall be unlawful for—

(1) a foreign national, directly or indirectly, to make—

(A) a contribution or donation of money or other thing of value, or to make an express or implied promise to make a contribution or donation, in connection with a Federal, State, or local election;

(B) a contribution or donation to a committee of a political party; or

(C) an expenditure, independent expenditure, or disbursement for an electioneering communication (within the meaning of section 434 (f)(3) of this title); or

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(2) a person to solicit, accept, or receive a contribution or donation described in subparagraph (A) or (B) of paragraph (1) from a foreign national.

**(b) "Foreign national" defined**

As used in this section, the term "foreign national" means—

(1) a foreign principal, as such term is defined by section 611 (b) of title 22, except that the term "foreign national" shall not include any individual who is a citizen of the United States; or

(2) an individual who is not a citizen of the United States or a national of the United States (as defined in section 1101 (a)(22) of title 8) and who is not lawfully admitted for permanent residence, as defined by section 1101 (a)(20) of title 8.

**Facts of the Violation(s)**

Notwithstanding the clear legal prohibitions against soliciting and accepting foreign contributions, the Obama campaign has repeatedly and willfully ignored the law in order to amass a vast campaign war chest, primarily of non-disclosed donors.

Reports have increasingly noted evidence of the Obama campaign's unwillingness and continued failure to install the safeguards used by other campaigns, such as the Romney for President campaign, as well as to utilize industry standard protections against illegal contributions.

Many stories were circulated in 2008 about the Obama campaign's raising and accepting contributions from foreigners.

Attached to this Complaint are two such articles from the 2008 Presidential campaign.

- October 3, 2008: "Obama's Good Will Hunting," by Michael Isikoff, *Newsweek*
- October 5, 2008: "RNC to File FEC Complaint on Obama's Fundraising Practices" by Matthew Mosk, *Washington Post*
- October 9, 2008: "Group Warns of Foreign, Fraudulent Donors to Obama Campaign" by Devin Dwyer, *ABC News*

Then, just in the past month, there have been increasing published reports of individuals making contributions to the Obama campaign using foreign names and/or addresses, foreign IP addresses and many other serious breaches of security that would have prevented such contributions.

Just a few of those reports which are attached to this complaint include:

- October 8, 2012: "I Donated to Barack Obama" by Erick Erickson, *RedState.com*



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- October 8, 2012: "Report: Obama.com solicits foreign contributions for prez", Paul Bedard, *Washington Examiner*
- October 25, 2012: "Obama Camp Blocks donations from China, allows giving from other countries to continue," Joel Gehrke, *Washington Examiner*
- September 26, 2012: Government Accountability Institute Report, America the Vulnerable: *Are Foreign and Fraudulent Online Campaign Contributions Influencing U.S. Elections?*

In addition, several reports include instances of actual foreign contributions to the Obama campaign: "A British citizen living outside London was able to make two donations of \$5 to the Obama campaign, despite listing his British street address, his state as Arkansas, and a zip code in New York. The Obama campaign did not make any effort to verify his credit card by asking for the three-digit CVV code, nor did it make any effort to verify the donor's nationality". Posted at LiveLeak.com website: [http://www.liveleak.com/view?i=879\\_1350825176](http://www.liveleak.com/view?i=879_1350825176) [last accessed on October 31, 2012]

Because of my personal experience and expertise with regard to internet commerce and in an effort to investigate through our media entity and to ascertain whether the other published reports were true or exaggerated, my news staff and reporters for WND.com planned and executed transactions using clearly bogus names, addresses and, in particular, a foreign (Pakistani) internet protocol (IP) address for purposes of contributing to the two presidential campaigns.

The information that our reporter input for each contribution was as follows:

Name of Donor: Osama bin Laden

Address: 911 Jihad Way

City, State, Zip: Abbottabad, CA 91101

Phone: (202) 456-2121

Occupation: Deceased Terror Chief

Employer: Al-Qaida

The contribution from this source, with this information, to the Obama campaign was accepted and the disposable credit card was charged the amount of \$15.00.

We then conducted the same transaction with the Romney for President campaign. The attempted contribution was rejected immediately.

We then tried to make additional contributions to the Obama campaign, which were *also* processed and accepted.



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The total contributions from "Osama bin Laden" are \$23.00 all from one disposable card:

\$15.00 on 10/26/2012

\$ 5.00 on 10/27/2012

\$ 3.00 on 10/30/2012

The Obama campaign accepted the \$15 donation and it was entirely deducted from the disposable card on 10/26/2012. All three donations were made from Idaho using Pakistani proxy servers.

WND.com wrote about these transactions in its nationwide story earlier this week.

<http://www.wnd.com/2012/10/obama-accepts-osama-bin-laden-donations/> [October 29, 2012]

Even after the WND expose regarding the bin Laden illegal foreign donation, the Obama campaign has continued sending emails daily to bin Laden's email soliciting *more* contributions! Screen shots of those emails are attached to this Complaint.

A follow up to the WND.com story (attached) by John Hayward of *Human Events* further confirmed our investigation report. See "Osama Bin Laden Donates to Obama Campaign", October 30, 2012.

And, remarkably, the Obama campaign has allowed a fundraising web page on its website which features Osama bin Laden soliciting contributions using the same foreign IP address and Osama bin Laden as the fundraiser!

<http://www.wnd.com/2012/11/bin-laden-solicits-foreign-donors-on-obamas-website/>  
[November 1, 2012]

Clearly, the Obama campaign is more concerned with fundraising than in abiding by federal law.

The Obama campaign has refused to release the names of donors under \$200, which would provide immediate insights into the actual sources of the funds. An analysis released last month by the nonprofit Campaign Finance Institute found that Obama was getting about a third of his total campaign funding from donors who had given him a cumulative total of \$200 or less. Additionally, the Obama campaign announced in early October that it had raised \$181 million in September, of which 98% was from undisclosed donors, stating that 1.8 million people made donations. See Breitbart News October 6, 2012.

The Obama campaign has made it clear that despite the multiple stories confirming illegal foreign contributions to the campaign, it has no intention of establishing the safeguards necessary to halt the flow of illegal funds into his campaign coffers.

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It is well past time for the Federal Election Commission to conduct an audit of the Obama campaign to ascertain, once and for all, the extent of the foreign and illegal funding of the Obama presidential campaign.

Attached is my sworn affidavit, stating under penalty of perjury my belief, based on the information provided with this complaint, that the Obama for America campaign has willfully and knowingly violated the provisions of the Federal Election Campaign Act of 1971, as amended, which prohibits contributions from foreigners to US candidates for political office.

WND.com and I hereby demand, on behalf of the American people, a full and complete investigation and audit of Obama for America in order that the public can finally learn the truth about the sources of the Obama fundraising.

Please contact me if you have further questions. I can be reached at 571-612-8600.

Thank you for your immediate attention.

Submitted,

Joseph Farah  
WorldNetDaily, Inc. ("WND.com")  
14501 George Carter Way, Suite 102  
Chantilly, Virginia 20151

Before me this 1<sup>st</sup> day of November, 2012, appeared Joseph Farah and under penalty of perjury did swear and affirm that the above and foregoing facts are true and correct to the best of his knowledge and belief.

**RODNEY MIDDLETON**  
Notary Public, Commonwealth of Virginia  
Commission Expires December 31, 2012  
ID - 7206811

SEAL

  
Notary Public

My Commission Expires: 12/31/2012

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## **ATTACHMENT 1**

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## ATTACHMENT 2

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## Obama's 'Good Will' Hunting

by [Michael Isikoff](#) | October 3, 2008 8:00 PM EDT

The Obama campaign has shattered all fund-raising records, raking in \$458 million so far, with about half the bounty coming from donors who contribute \$200 or less. Aides say that's an illustration of a truly democratic campaign. To critics, though, it can be an invitation for fraud and illegal foreign cash because donors giving individual sums of \$200 or less don't have to be publicly reported. Consider the cases of Obama donors "Doodad Pro" of Nunda, N.Y., who gave \$17,130, and "Good Will" of Austin, Texas, who gave more than \$11,000—both in excess of the \$2,300-per-person federal limit. In two recent letters to the Obama campaign, Federal Election Commission auditors flagged those (and other) donors and informed the campaign that the sums had to be returned. Neither name had ever been publicly reported because both individuals made online donations in \$10 and \$25 increments. "Good Will" listed his employer as "Loving" and his occupation as "You," while supplying as his address 1015 Norwood Park Boulevard, which is shared by the Austin nonprofit Goodwill Industries. Suzanha Burmeister, marketing director for Goodwill, said the group had "no clue" who the donor was. She added, however, that the group had received five puzzling thank-you letters from the Obama campaign this year, prompting it to send the campaign an e-mail in September pointing out the apparent fraudulent use of its name.

"Doodad Pro" listed no occupation or employer; the contributor's listed address is shared by Lloyd and Lynn's Liquor Store in Nunda. "I have never heard of such an individual," says Diane Beardsley, who works at the store and is the mother of one of the owners. "Nobody at this store has that much money to contribute." (She added that a Doodad's Boutique, located next door, had closed a year ago, before the donations were made.)

Obama spokesman Ben LaBolt said the campaign has no idea who the individuals are and has returned all the donations, using the credit-card numbers they gave to the campaign. (In a similar case earlier this year, the campaign returned \$33,000 to two Palestinian brothers in the Gaza Strip who had bought T-shirts in bulk from the campaign's online store. They had listed their address as "Ga.," which the campaign took to mean Georgia rather than Gaza.) "While no organization is completely protected from Internet fraud, we will continue to review our fund-raising procedures," LaBolt said. Some critics say the campaign hasn't done enough. This summer, watchdog groups asked both campaigns to share more information about its small donors. The McCain campaign agreed; the Obama campaign did not. "They could've done themselves a service" by heeding the suggestions, said Massie Ritsch of the Center for Responsive Politics.

Tags:



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## **ATTACHMENT 3**

# The Washington Post

October 5, 2008

RNC to File FEC Complaint on Obama Fundraising Practices

By Matthew Mosk

A lawyer for the Republican National Committee today said the party will ask the Federal Election Commission to look into the source of thousands of small-dollar contributions to the presidential campaign of Sen. Barack Obama.

The RNC is alleging that the Obama campaign was so hungry for donations it "looked the other way" as contributions piled up from suspicious, and possibly even illegal foreign donors.

"We believe that the American people should know first and foremost if foreign money is pouring into a presidential election," said RNC Chief Counsel Sean Cairncross.

Cairncross alleged there was mounting evidence of this, and cited a report in the current issue of Newsweek magazine that documents a handful of instances where donors made repeated small donations using fake names, such as "Good Will" and "Doodad Pro."

The Newsweek report says that earlier this year the Obama campaign returned \$33,000 to two Palestinian brothers in the Gaza Strip who had bought T-shirts in bulk from the campaign's online store -- purchases that count as campaign contributions. The brothers had listed their address as "Ga.," which the campaign took to mean Georgia rather than Gaza.

"While no organization is completely protected from Internet fraud, we will continue to review our fundraising procedures," Obama spokesman Ben LaBolt told the magazine.

At the heart of the RNC complaint is a federal fundraising rule that lets campaigns accept donations under \$200 without itemizing the names and addresses of the donors on its campaign finance reports. The rule was intended as a matter of practicality -- it did not seem reasonable to ask a campaign to gather that information from every five-dollar donor.

But the Obama campaign has raised more than \$200 million this way, a staggering sum for donations that will not be subjected to outside scrutiny.

Obama campaign aides said today that a number of steps have been taken to safeguard against foreign or illegal contributions coming in in smaller increments. The measures include: requiring donors to present a passport at fundraising events held for Americans overseas, ending contributions to the Obama Store from contributors with addresses outside the U.S. or its territories, and requiring donors to enter a U.S. passport number when contributing via the Americans Abroad page.

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"When we were made aware of an ad for a Nigerians for Obama fundraiser in a Nigerian paper, our attorneys sent a letter to the paper making it clear the event had nothing to do with our campaign, and that we would not accept contributions from the event," one Obama aide said.

And aides note that Sen. John McCain had his own foreign fundraising issues, having been forced to refund about \$50,000 in donations solicited by Jordanian Mustafa Abu Naba'a, who was raising money on behalf of one of McCain's top Florida bundlers.

**By Web Politics Editor | October 5, 2008; 2:14 PM ET**

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## ATTACHMENT 4



Oct 9, 2012 8:06am

## Group Warns of Foreign, Fraudulent Donors to Obama Campaign

<http://abcnews.go.com/blogs/politics/2012/10/group-warns-of-foreign-fraudulent-donors-to-obama-campaign/> - <http://abcnews.go.com/blogs/politics/2012/10/group-warns-of-foreign-fraudulent-donors-to-obama-campaign/> - #

Devin

Dwyer <http://abcnews.go.com/meta/rss?text=byline:%22Devin%20Dwyer%22&limit=30&type=BlogEntry%20Story&sort=date> - White House Digital Reporter

A conservative political watchdog group is raising the prospect of an "illegal-donor loophole" in the nation's campaign finance system, and suggesting the grassroots-donor-heavy Obama Campaign may stand to benefit.

In a 109-page report published at a raw website [CampaignFundingRisks.com](http://CampaignFundingRisks.com), the Government Accountability Institute alleges the current online campaign contribution system lacks accountability and transparency, making it highly susceptible to foreign and fraudulent gifts.

The report's focus is President Obama's re-election campaign, which has collected historic sums from online fundraising, relying predominantly on donors who give in small-dollar increments.

Obama and Democrats announced last week that they raised \$181 million in September – more than any incumbent president has raised for his re-election in a single month. The funds poured in through more than 1.8 million transactions, 98 percent of which were in increments of \$250 or less, officials said.

"Campaigns that aggressively raise money online are soliciting donations from people around the world—whether they intend to or not," writes GAI president Peter Schweizer and Newsweek reporter Peter J. Boyer in a post on the report at [Newsweek/Daily Beast](http://Newsweek/DailyBeast).

The report suggests the Obama campaign is uninhibited in its foreign solicitations, lacks rigorous screening for donors' citizenship and fails to impose basic e-commerce safeguards, such as requiring donors to provide the Card Verification Value (the security code on the back of a card) to prove a donor is in physical possession of the card.

Under U.S. federal election law, contributions from foreign nationals to presidential campaigns are forbidden.

"People around the world are being asked for donations by the campaigns themselves, simply because they signed up for information on campaign websites," Schweizer and Boyer write. "The problem: candidate webpages don't ask visitors from foreign IP addresses to enter a military ID or passport number. Instead, the websites use auto-responder email systems that simply gather up email addresses and automatically spit out solicitations."

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The authors claim the current system is also subject to "robo-donations"- computer-driven giving to a campaign through various aliases to evade contribution limits and avoid detection. The Federal Election Commission conducts little to no oversight of internet fundraising practices, leaving each campaign to police itself, the report claims.

Schweizer and Boyer present no hard data that show Obama's 2012 campaign has benefited from widespread foreign or fraudulent donations. They also acknowledge that Republican nominee Mitt Romney could theoretically take advantage of the "loopholes," as well. The report only purports to illustrate that the possibility for fraud exists.

Conservative blogger Erick Erickson of RedState.com, however, tested out the Obama campaign's online contribution system and documented the apparent ease with which someone with a foreign mailing address and fraudulent passport number could make a gift via credit card. Erickson concedes, however, that his contribution was ultimately rejected by his bank.

In a post on its "Truth Team" blog, the Obama campaign called the GAI report and its insinuations politically-motivated, citing a history of right-leaning political activism by authors Schweizer and the Government Accountability Institute.

The blog states that "Obama for America" does not accept contributions from foreign nationals and takes voluntary steps to ensure that the campaign is in compliance with federal election law. At the campaign's Chicago headquarters, staff manually review each transaction flagged as potentially fraudulent by their third-party credit card processing service, officials wrote.

The president's campaign also requires a copy of a valid passport from any apparently eligible contributor with a foreign mailing address or from a contributor making a gift from a foreign IP address, according to the post. "If they do not offer one in a timely manner, the donation is returned," the campaign says.

"While no campaign can control who visits their websites, OFA is in no way directing solicitations to foreign nationals nor knowingly seeking foreign contributions—that is the legal standard," the Obama camp says on its blog.

**SHOWS: World News**

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## **ATTACHMENT 5**

• BACK | PRINT

## I Donated to Barack Obama

By: Erick Erickson (Diary) | October 8th, 2012 at 05:11 PM |

The President has come under fire for the shoddy verification processing his campaign does for donations.

In light of this Newsweek story about the Illegal-Donor loophole with Team ObamaA while back, among conservatives, it was even a story that he was doing this shoddy credit card verification for overseas donors.

So, after talking with some lawyers about the process, etc. I donated to Barack Obama. Sort of.

It is rare that I do something where I feel the need to talk to lawyers first. But giving money to Barack Obama was one of those times.

I didn't actually do it. I made up a name, made up a passport number, made up an address in Russia — hell I made everything up except my credit card number and expiration date.

Got that?

Everything was bull\*\*\*\* except the actual credit card number and expiration date, *Everything*.

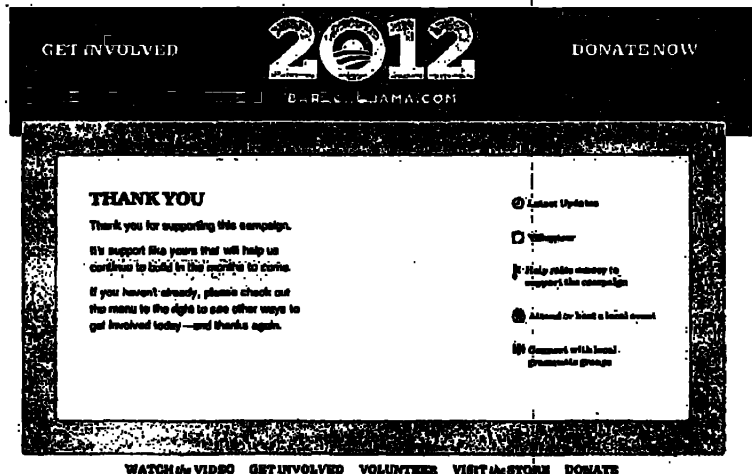
Go try that with Target or Amazon or Apple or Mitt Romney's campaign and see what happens. Here's a hint: it'd get rejected.

When the zip code does not match, it would get rejected.

When the name on the card does not match, it will probably get rejected.

When nothing matches, it will get rejected.

Barack Obama's campaign processed my very generous \$5.00 donation.



For several days my bank listed it as processing.



Then this is where the anti-climactic end to my story comes. The donation ultimately did not go through after three days of being listed as "processing." There was no explanation.



Had the Obama campaign turned on basic verification, my transaction would have been rejected immediately. Instead, it lingered for a few days before being rejected.

I do not know what processes the Obama campaign employs to weed these out. It actually appeared, based on the way it processed for several days, *that the bank stopped it*, not that Barack Obama stopped it. For the liberals saying my donation did not go through so there should be no problem — here's the problem: The Obama campaign processed the donation. It was Bank of America that stopped it, not Team Obama. Team Obama let it be processed, something that would not have happened in Romney's campaign or most any retailer in the nation.

I do not know why they chose not to use the credit verification value system (CVV). I am glad, ultimately, that my donation was rejected. But I wonder if I had put in other data that seemed more credible — not a ridiculous fake name, a passport number of just multiple zeros, etc. would it have been rejected?

It sure seems the easiest, front line defense to avoid these sorts of transactions — a basic CVV check for credit cards — should be the default setting for campaigns. In Barack Obama's case, it wasn't. For pre-paid cards, several people tell me the situation is even worse and the transactions most likely will go through given the security set up of the Obama campaign.

This, like his failure to make eye contact with challenges, is just another tell tale sign that something is amiss with Team Obama.

[BACK](#) | [PRINT](#)

## The Obama Campaign Processed This Donation

By: Erick Erickson (Diary) | October 8th, 2012 at 09:24 PM |

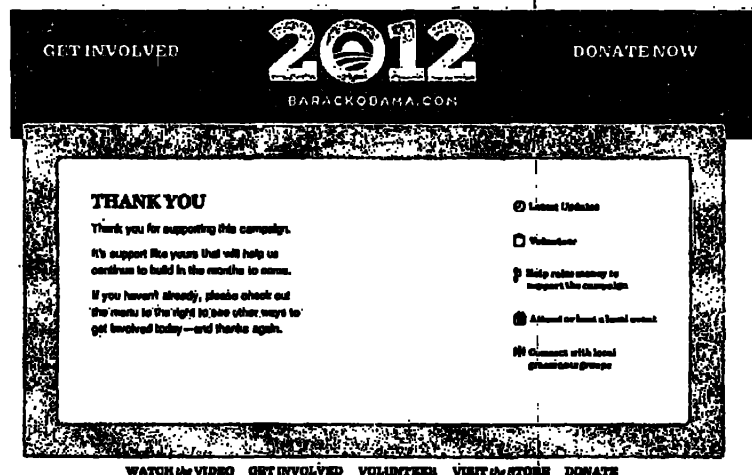
Here now is the screenshot of what Barack Obama's campaign processed as a donation to the campaign. This would not have happened had the Obama campaign taken basic steps to verify credit card information. But, as always, Team Obama relied on someone else to fix their mess - the bank.

Had basic checks been implemented, this donation would have been rejected: Keep in mind that all the information present except the credit card information is *completely made up*.

Every bit of that information was made up except the actual credit card information.

What you can't see is that below the employer information, it asked for my passport number. I gave them a string of zeros.

And when I clicked the donate button, I got this:



Within a few minutes and for three days thereafter, my online banking account showed this:



It was thanks to the bank, not Barack Obama's campaign, that the donation did not go through.

No wonder the Obama campaign is scrambling to shut down this story.

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## **ATTACHMENT 6**

# Report: Obama.com solicits foreign contributions for prez

By Paul Bedard

Washington Secrets Column

Washington Examiner

October 8, 2012

The independently owned website Obama.com, which steers users to the president's campaign donation website, gets most of its traffic from foreign countries, raising questions about the legality of tens of millions of small dollar donations to the campaign, according to a new report.

The Government Accountability Institute today released details of an eight-month probe into fundraising by the presidential candidates and all House and Senate candidates that also shows that the president's outreach and fundraising have targeted websites in Chinese, Arabic, Thai, and Korean. Generally, donations from foreign nations are illegal.

The 108-page analysis from the group that made news in an earlier report that suggested President Obama skips many of his national security briefings studied security flaws in credit card fundraising conducted by Obama, Mitt Romney, and congressional candidates. Many have security flaws, said the report.

But it devotes a large section of its effort to concerns about donations to the Obama campaign. Secrets reported late Thursday that a TV network, national magazine and national website were working on the story but were being pressured by the Obama campaign to kill it. Sources said the story was still on hold today. ABC News, however, has teased one element of the story: the existence of fake Republican and Democratic fundraising websites.

The report suggests that some of the donations to Obama have come from foreign sources. But, it notes, many are less than the \$200 cut-off which requires the campaign to identify the donor.

The report focuses on the website Obama.com, which used to be owned by a major Obama donation bundler. Type that site in and you are directed to the Obama donation site. The report said that 68 percent of the traffic to Obama.com comes from overseas.

From the report provided to Secrets:

-- Obama Campaign Lacks the Industry-Standard Level Of Credit Card Security For Donations, But Uses It For Merchandise Purchases: To purchase Obama campaign merchandise, the campaign requires buyers to enter their credit card CVV security code, but does not require the credit card security code to be entered when making an online campaign donation. By GAI's

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estimates, the Obama campaign's failure to utilize industry-standard protections potentially costs the campaign millions in extra processing fees.

-- Obama.com Purchased By An Obama Bundler In Shanghai, China With Questionable Business Ties to State-Run Chinese Enterprises: In 2008, Obama.com was purchased by an Obama fundraiser living in Shanghai, China, whose business is heavily dependent on relationships with Chinese state-run television and other state-owned entities.

-- 68% Of Traffic To Anonymously Registered Obama.com Is Foreign: According to industry leading web analytics site Markosweb, an anonymously registered redirect site (Obama.com) features 68% foreign traffic. Starting in December 2011, the site was linked to a specific donation page on the official www.BarackObama.com campaign website for ten months. The page loaded a tracking number, 634930, into a space on the website labeled "who encouraged you to make this donation." That tracking number is embedded in the source code for Obama.com and is associated with the Obama Victory Fund. In early September 2012, the page began redirecting to the standard Obama Victory Fund donation page. Search engine optimization (SEO) efforts, using common spamming techniques, may have also been undertaken by unknown third-parties, generating foreign traffic to Obama.com.

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## **ATTACHMENT 7**

## The Washington Examiner

### Obama camp blocks donations from China, allows giving from other countries to continue

October 25, 2012 | 1:22 pm



Joel Gehrke

Commentary Writer

President Obama's campaign and the Chinese government have blocked online donations from China, but the Obama camp appears to have done nothing to block illegal contributions from other countries:

"[For Chinese users], the campaign has now blocked access from using the contribute page," Peter Schweizer, whose Government Accountability Institute issued a report on illegal foreign donations to American political campaigns, told The Washington. GAI reported that a website, Obama.com — owned by one of the president's top campaign bundlers — drives traffic to the donation page on Obama's campaign website.

Sixty-eight percent of that website's visitors resided in foreign countries. The Chinese government has blocked access to Obama.com for internet users in mainland China, which Schweizer said accounted for just 10 percent of traffic to the website.

"It's a shocking revelation that the Chinese government wants to do something that the Obama campaign wouldn't do," GAI founder Steve Bannon told The New York Post, which first reported on the Chinese government's decision to stop donations to Obama. "They're more sensitive to American sovereignty and campaign-finance law than the Obama campaign."

Although the Obama campaign has finally blocked Chinese users, the other 58 percent of foreign traffic to Obama.com — and thus to the campaign's donation page — can continue unimpeded. The Obama campaign has not blocked any other countries visitors from going to the donation page, Schweizer explained.

"I think they have made a political calculation that the prospects of any donations from China are a lot more frightening than the prospects of donations coming from Denmark, so they have decided to quickly block access from China, but not from any other country that we even see," Schweizer said.

The New York Post reported the anecdote of a British citizen in London donating \$10 to the Obama campaign, despite federal law banning foreign campaign contributions.

"Chris Walker, a British citizen who lives outside London, told The Post he was able to make two \$5 donations to President Obama's campaign this month through its Web site while a similar attempt to give Mitt Romney cash was rejected," the Post reported. "Walker said he used his actual street address in England but entered Arkansas as his state with the Schemata, NY, ZIP code of 12345."

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The Obama campaign has received \$4.5 million in donations from people who claimed, as Walker did, to live in zip codes that did not exist. The Government Accountability Institute reported on those contributions after reviewing FEC data.

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## ATTACHMENT 8

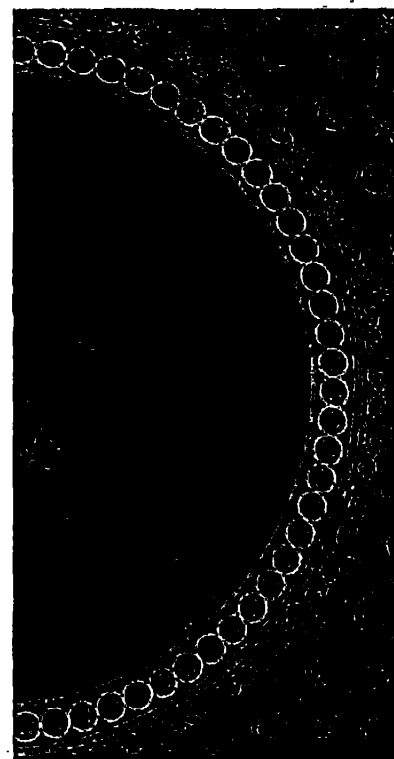


GOVERNMENT  
ACCOUNTABILITY  
INSTITUTE

# America the Vulnerable: *Are Foreign and Fraudulent Online Campaign Contributions Influencing U.S. Elections?*



September 26, 2012



[www.g-a-i.org](http://www.g-a-i.org)

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*I don't think American elections should be bankrolled by America's most powerful interests, and worse, by foreign entities.*

—President Obama

2010 State of the Union Address

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## EXECUTIVE SUMMARY

The Government Accountability Institute (GAI or "the Institute") conducted an extensive eight-month investigation into the potential for foreign and fraudulent online campaign donations to influence House, Senate, and presidential elections. The findings are alarming. As FBI surveillance tapes have previously shown, foreign governments understand and are eager to exploit the weaknesses of American campaigns.<sup>1</sup> This, combined with the Internet's ability to disintermediate campaign contributions on a mass scale, as well as outmoded and lax Federal Election Commission rules, make U.S. elections vulnerable to foreign influence.

The Government Accountability Institute's September 26<sup>th</sup> report, *America the Vulnerable: Are Foreign and Fraudulent Online Contributions Influencing U.S. Elections?*, is the first extensive analysis of the Internet's role in facilitating illegal fraudulent contributions and campaign donation solicitations to foreign nationals.

Key findings include:

- **Nearly Half of Congress Vulnerable to Fraudulent and Foreign Donations:** Of the 446 House and Senate members who have an online donation page, 47.3% do not require the three or four digit credit card security number (officially called the Card Verification Value, or the CVV) for Internet contributions. The CVV is an industry-standard anti-fraud credit card security feature used by over 90% of all e-commerce operations and nineteen of the twenty largest charities in the United States.<sup>2</sup> By not protecting themselves with industry-standard security, larger campaigns pay millions of dollars in extra card processing fees that could otherwise be avoided with the use of the CVV
  - The other industry-standard anti-fraud security feature is the software used to check a donor's address against the address on file for the credit card. It is unknown whether federal campaigns protect

<sup>1</sup> David Rose, "An Inconvenient Patriot," *Vanity Fair*, August 15, 2005, <http://www.vanityfair.com/politics/features/2005/09/edmonds200509>.

<sup>2</sup> "2012 Online Fraud Report - 13th Annual Edition." *Cybersource Resource Center*: 3, [http://www.cybersource.com/cgi-bin/resource\\_center/resources.cgi](http://www.cybersource.com/cgi-bin/resource_center/resources.cgi)



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themselves with this cross-referencing software (officially called the Address Verification System, or AVS). Unlike the CVV, it is difficult to tell if and to what degree a website uses the AVS

- Given the scope of the problem within Congress, the Institute created an interactive 50-state map to allow citizens and journalists to identify which members of Congress lack industry-standard anti-fraud credit card protection on their campaign donation websites. Go to: [www.CampaignFundingRisks.com](http://www.CampaignFundingRisks.com)

(see page 42)

- **Third-Party Fundraising Organizations Lacking Industry-Standard Anti-Fraud Credit Card Security Funneling Millions to Federal Candidates:** Third-party political fundraising organizations, such as ActRight and ActBlue, distribute millions of dollars to federal candidates, but lack industry-standard anti-fraud credit card security features to block fraudulent and international donations. (see page 45)
- **Presence of Fake RNC and DNC Donation Websites:** The Institute uncovered and identified an individual who established websites posing as both the Republican and Democratic National Committees. The individual has operated the phony websites for years and has accepted thousands of dollars in "donations." GAI's findings were detailed by ABC News.<sup>3</sup> (see pages 37-38)
- **Donation Solicitations On Foreign Websites To Then-Candidate Marco Rubio's 2010 Donation Page:** The Institute discovered multiple Spanish language, foreign websites featuring video links that included embedded advertising directing individuals to the donation solicitation page of then-U.S. Senate candidate Marco Rubio. In addition, Rubio lacked CVV protection, which was corrected in May of 2012. As of this report's publication date, many of these links are still up and active.

<sup>3</sup> Cindy Galli, Matthew Munk, and Rhonda Schwartz, "GOP, Dem Donors Misled by Look-Alike Websites," *ABC News*, September 21, 2012, <http://abcnews.go.com/Politics/gop-dem-donors-misled-alike-websites/story?id=17228155#UGFjhUllITQ>



This is a potential violation of the Federal Election Commission (FEC) solicitation laws. (see page 43)

- **Presidential Candidates Lack Transparency Of Small Donations:** Campaigns are not required to disclose donations from individuals who gave less than \$200 in a campaign cycle unless the campaign is audited. Furthermore, campaigns do not even need to keep records of those who gave less than \$50. Presidential candidates are raising large amounts of money that fall under the \$200 threshold and audits are rare unless a campaign accepts federal matching funds. To this date (September 26, 2012), the Romney campaign has raised \$58,456,968 and the Obama campaign has raised \$271,327,755 in contributions under \$200 for the 2012 campaign cycle. In the 2008 presidential elections, the Obama campaign raised \$335,139,233 in donations under \$200. Neither campaign has accepted federal matching funds nor have ever been audited. (see page 31)
  
- **Threat Of "Robo-Donations":** The absence of industry-standard anti-fraud credit card security features render campaigns more vulnerable to so-called "robo-donations." Robo-donations are large numbers of small, automated donations made through the Internet to evade FEC reporting requirements. (see page 39)
  
- **Given the state-of-the art digital sophistication of the President's re-election campaign—including social media, micro-targeting and data-mining—its online donation system contains at least three major security vulnerabilities:**
  1. The absence of the industry-standard CVV and unknown use of AVS anti-fraud security for online credit card donations
  2. The presence of a branded, major third party-owned website (Obama.com) redirects its 68% foreign traffic to a campaign donation page





### 3. Active foreign solicitation using indiscriminate email solicitations and exposure to social media

Specifically:

- Obama Campaign Lacks the Industry-Standard Level Of Credit Card Security For Donations, But Uses It For Merchandise Purchases: To purchase Obama campaign merchandise, the campaign requires buyers to enter their credit card CVV security code, but does not require the credit card security code to be entered when making an online campaign donation (see page 61). By GAI's estimates, the Obama campaign's failure to utilize industry-standard protections potentially costs the campaign millions in extra processing fees. (see pages 36 and 60)
- Obama.com Purchased By An Obama Bundler In Shanghai, China With Questionable Business Ties to State-Run Chinese Enterprises: In 2008, Obama.com was purchased by an Obama fundraiser living in Shanghai, China, whose business is heavily dependent on relationships with Chinese state-run television and other state-owned entities. (see page 63)
- 68% Of Traffic To Anonymously Registered Obama.com Is Foreign: According to industry leading web analytics site Markosweb, an anonymously registered redirect site (Obama.com) features 68 % foreign traffic. Starting in December 2011, the site was linked to a specific donation page on the official BarackObama.com campaign website for ten months. The page loaded a tracking number, 634930, into a space on the website labeled "who encouraged you to make this donation." That tracking number is embedded in the source code for Obama.com and is associated with the Obama Victory Fund. In early September 2012, the page began redirecting to the standard Obama Victory Fund donation page



Search engine optimization (SEO) efforts, using common spamming techniques, may have been undertaken by unknown third-parties, generating foreign traffic to Obama.com

### *Research Protocol*

The above findings are the result of an eight-month extensive investigation that utilized a variety of tools, including custom spidering software, to find thousands of foreign webpages with links going to the campaign donation pages. Researchers, under the legal guidance of a former U.S. Attorney, executed the research protocol.

Specifically, computer researchers examined:

- Current industry-standard anti-fraud security tools, specifically the Card Verification Value (CVV) and the Address Verification System (AVS)
- Whether federal elected office-holders who accept online credit card donations employ the CVV
- The campaign online fundraising operations of elected federal officials and candidates
- Internet traffic flow—volume, geographical origin, trends—going directly to campaign donation pages
- Possible search engine optimization efforts to direct foreign traffic to campaign websites
- Campaign e-mail solicitation efforts sent to individuals outside of the United States
- Campaign exposure and interaction with foreign social media
- The management of certain anonymously registered redirect websites
- The potential existence of “robo-donation” computer programs



- The hyperlinks from campaign email solicitations posted on foreign language websites

### *Recommendations*

Presently, campaigns solicit donations around the world. However, there are few requirements for confirming that incoming donations did not come from foreign nationals or governments. Surprisingly, little transparency is required. Instead, the current system entrusts political campaign consultants and officials, not FEC officials, with maintaining the integrity of the electoral process.

To correct this, several low-cost, easy-to-implement reforms should be put in place:

- Integrate safeguards to limit the solicitation of money from foreigners by requiring donors with foreign IP addresses to provide proof of U.S. citizenship before they can proceed to the donate page
- Immediately require campaigns to use industry-standard anti-fraud security technologies including, but not limited to, the Card Verification Value (CVV) and a rigorous Address Verification System (AVS)
- Immediately require all campaigns to retain and disclose identifying information on all online campaign contributions, including those falling under the \$200 nondisclosure threshold currently allowed under federal law
- The Federal Election Commission (FEC) should enforce existing law concerning the solicitation and acceptance of foreign contributions to U.S. federal campaigns

Protecting the legitimacy and legality of the U.S. election system is paramount. Currently, federal election law prohibits the solicitation of foreign nationals for campaign contributions, but this law is widely ignored. Moreover, the current system does little to encourage campaigns to aggressively police themselves and monitor incoming foreign donations. For these reasons, the U.S. Attorney overseeing this investigation recommends that copies of this report be submitted



to the Federal Bureau of Investigation, the Department of Justice, and several state attorney  
generals for immediate review.

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PART I  
The History of Campaign Donor Fraud & Foreign  
Influence in U.S. Elections

America's prominence over the past century has given foreign powers and entities an interest in influencing the American electoral process. Indeed, foreign powers and actors, friends and foes alike, have long sought to influence American elections through illicit campaign contributions.

Though restricting foreign contributions was not codified into the law until the 1960s, the idea is rooted in American history. The U.S. Constitution, for example, forbids federal officials from receiving gifts from a "King, Prince or foreign State."<sup>4</sup> However, when it was revealed that Philippine sugar manufacturers were giving heavy campaign contributions to U.S. politicians in an attempt to shift policies related to sugar quotas, Congress took action.<sup>5</sup> An amendment to the Foreign Agents Registration Act was introduced in 1966, making it a felony for a candidate to knowingly receive or solicit foreign donations or for a "foreign principal" to "use an agent to contribute to domestic campaigns."<sup>6</sup> According to Senator William Fulbright, the law was necessary to protect "the integrity of the decision-making process of our Government" and to guard from the realities of foreign entities using more than "diplomatic means to influence government policies."<sup>7</sup> The bill received strong bipartisan support and easily passed into law.

<sup>4</sup> U.S. Const. art.I, § 9, cl. 8.

<sup>5</sup> Lori Fisler Damrosch, "Politics Across Borders: Nonintervention and Nonforcible Influence over Domestic Affairs," *The American Journal of International Law* 83 (1989): 1-50.

<sup>6</sup> Jeffrey K. Powell, "Prohibitions on Campaign Contributions from Foreign Sources: Questioning their Justification in a Global Interdependent Economy," *University of Pennsylvania Journal of International Economics and Law* 17 (2006): 960.

<sup>7</sup> Bruce D. Brown, "Alien Donors: The Participation of Non-Citizens in the US Campaign Finance System," *Yale Law and Policy Review* 15, no. 2 (1997): 509.



## Foreign Involvement

The 1966 law was not enough. By 1974 it became clear that foreign governments and individuals were still pouring large sums of money into American presidential campaigns. During the 1972 campaign, President Richard Nixon allegedly received \$1.5 million from the Shah of Iran, approximately \$10 million from Arab interests, and \$2 million from French businessman, Paul Louis Wellér.<sup>8</sup> Other reports claimed that the military government in Greece had also provided funds for the Nixon campaign, along with contributions from Canada and Uruguay. A Greek industrialist was said to have given a \$25,000 contribution after he had received a \$4.7 million contract to supply fuel to the U.S. Navy.<sup>9</sup>

As a result of those charges and revelations, in 1976 Senator Lloyd Bentsen of Texas proposed an amendment to the Foreign Agents Registration Act that would bar all foreign nationals, aside from resident aliens, from contributing to domestic campaigns.<sup>10</sup> Bentsen declared that he did "not think foreign nations have any business in our political campaigns. They cannot vote in our elections, so why should we allow them to finance our elections? Their [foreign nations'] loyalties lie elsewhere; they lie with their own countries and their own governments." The so-called Bentsen Amendment passed, giving the FEC the power of policing the issue.

The problem of foreign involvement in federal campaigns persisted despite the tightened laws. During the 1980 Presidential election, Philippine President Ferdinand Marcos installed a plan to funnel cash to both the campaigns of both President Jimmy Carter and his challenger, Ronald Reagan.<sup>11</sup>

U.S. government electronic intercepts reveal that, in 1991, the Chinese government pushed a California-based Chinese agent named Katrina Leung "to become a major contributor

<sup>8</sup> Powell, 961.

<sup>9</sup> Kenneth P. Vogel, "Lawsuit revives fears of foreign cash," *Politico*, May 12, 2011, [http://www.politico.com/news/stories/0511/54802\\_Page2.html](http://www.politico.com/news/stories/0511/54802_Page2.html).

<sup>10</sup> Cong. Rec. 71st Cong., 2nd sess., 1930, 72, pt. 10:10828:30; Cong. Rec. 93 Cong., 8783 (1974).

<sup>11</sup> Jeff Gerth, "Plan for Contributions to Reagan and Carter found in Marcos Files," *New York Times*, March 19, 1986, 1, <http://www.nytimes.com/1986/03/19/world/plan-for-contributions-to-reagan-and-carter-found-in-marcos-files.html>.

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to the Republican Party.”<sup>12</sup> President Jiang of China allegedly told Leung that the effort was important “because we don’t know if a new president would be as friendly as Bush.” As China’s spy chief Jiao Chunwang told her, “we take every opportunity to support people we like...It would be nice to have friends like you to be involved in U.S. politics. Every little thing adds up.” Leung went on to contribute \$27,000 to the GOP in the 1990s.<sup>13</sup>

China was not the only region from which foreign donations made their way into U.S. elections. Reports show that a powerful Indonesian family, the Riadys, funneled money to U.S. politicians through an international banking conglomerate called the Lippo Group.<sup>14</sup> Between 1991 and 1993, the Riadys reportedly transferred at least \$800,000 through shell companies to the Clinton campaign.<sup>15</sup> The *New York Times* later reported allegations that the White House had softened its policy regarding human rights in Indonesia because of the donations.<sup>16</sup>

Chinese efforts to influence American presidential campaigns continued in 1996. The *Washington Post* reported a link between campaign contributions and the government of the People’s Republic of China (PRC) in 1997: “A Justice Department investigation into improper political fundraising activities has uncovered evidence that the People’s Republic of China sought to direct contributions from foreign sources to the Democratic National Committee before the 1996 presidential campaign.”<sup>17</sup> Another report declared that “top” Chinese officials approved plans to “attempt to buy influence with American politicians” before and after the elections.<sup>18</sup> The *New York Times* further reported that conversations intercepted by U.S. intelligence between Chinese government officials revealed that front companies for the PRC might try to funnel cash to U.S. campaigns.<sup>19</sup>

12 David Wise, *Tiger Trap: America's Secret Spy War with China* (Boston: Houghton Mifflin, 2011) 110.

13 Wise, 251.

14 Associated Press, “Clinton Donor Pleads Guilty,” *CBS News*, February 11, 2001, <http://www.cbsnews.com/stories/2001/03/20/politics/main280178.shtml>.

15 Donald R. Liddick, “Campaign Fund-Raising Abuses and Money Laundering in Recent U.S. Elections: Criminal Networks in Action,” *Crime, Law and Social Change* 34, no. 2 (September 2000).

16 David E. Sanger, “Administration Moves to Defend Indonesia Policy After Criticism,” *New York Times*, October 17, 1996, [www.nytimes.com/1996/10/17/us/administration-moves-to-defend-indonesia-policy-after-criticism.html?pagewanted=all&src=pm](http://www.nytimes.com/1996/10/17/us/administration-moves-to-defend-indonesia-policy-after-criticism.html?pagewanted=all&src=pm).

17 Bob Woodward and Brian Duffy, “Chinese Embassy Role in Contributions Probed,” *Washington Post*, February 13, 1997, <http://www.washingtonpost.com/wp-srv/politics/special/campaign/stories/china1.htm>.

18 Bob Woodward, “FBI Links Top China Officials, U.S. Donations,” *LA Times*, April 5, 1997, [http://articles.latimes.com/1997-04-25/news/mn-52236\\_1\\_white-house-official](http://articles.latimes.com/1997-04-25/news/mn-52236_1_white-house-official).

19 Liddick, “Campaign Fund-Raising Abuses and Money Laundering in Recent U.S. Elections: Criminal Networks in Action,” 2.



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The most famous example of Chinese officials funding U.S. elections is the case of Chinese Agent Johnny Chung. On May 15, 1998, *The New York Times* reported that a large part of the nearly \$100,000 Chung gave to political causes in the summer of 1996 came from Chinese military officials.<sup>20</sup> Chung captured the realities of political fundraising when he famously said, "I see the White House like a subway—you have to put in coins to open the gates." He later recounted to a House committee that General Ji Shengde, head of military intelligence of the PLA, told him, "We really like your President...I will give you \$300,000 U.S. ...You can give it to your president and the Democrat Party." Thirty-five thousand of those dollars found their way into Democratic National Committee coffers.

During the same time period, the FBI gave individual classified briefings to six members of Congress, warning the members that they had "been targeted by China to receive illegal campaign contributions funneled through foreign corporations."<sup>21</sup> The briefings were based on so called "specific and credible" intelligence information.

Foreign governments clearly understand how to make large contributions while minimizing the risk of detection. In 2005, for example, a former FBI translator reported the contents of a FBI surveillance operation involving the Turkish consulate in Chicago in 2001 at 2002.<sup>22</sup> According to published accounts, Turkish government officials bragged about sending hundreds of thousands of dollars in "un-itemized contributions" to then Speaker of the House Dennis Hastert's campaign between 1996 and 2000. These Turkish officials clearly recognized the need for making a large number of contributions under \$200 a piece to avoid detection via the campaign's reporting requirements to the FEC. Though Hastert's office denied the claim, stating that there were no contributions of "questionable origin or legality," the FBI's surveillance findings show that foreign nationals are keenly aware of the weaknesses of the FEC's regulations.

More recently, the FBI revealed in court documents that the government of Pakistan, specifically its powerful spy agency Inter-Services Intelligence, has shuttled campaign donations

20 David Johnston, "Committee Told of Beijing Cash for Democrats," *New York Times*, May 12, 1999, <http://www.nytimes.com/1999/05/12/us/committee-told-of-beijing-cash-for-democrats.html>.

21 Brian Duffy and Bob Woodward, "FBI Warned 6 Lawmakers of China Donation Plan," *Los Angeles Times*, March 9, 1997.

22 David Rose, "An Inconvenient Patriot," *Vanity Fair*, August 15, 2005, <http://www.vanityfair.com/politics/features/2005/09/edmonds200509>.



through intermediaries to presidential candidates and members of Congress who sat on the Foreign Affairs Committee, notably Congressman Dan Burton.<sup>23</sup> The Pakistanis also sequestered cash to the National Republican Senatorial Committee.

Foreign governments are not the only ones who have tried to influence American elections; foreign criminal gangs have as well. As one legal scholar put it, "because the American political system depends so heavily on private financing in electoral campaigns, it is vulnerable as a matter of course to criminal intrusions."<sup>24</sup> Charlie Trie, an alleged member of the Four Seas Triad, an organized crime ring, settled in Little Rock, Arkansas and contributed more than \$200,000 towards the Clinton campaign's political events and \$460,000 to President Clinton's legal defence fund.<sup>25</sup> His contributions were apparently reimbursed from accounts in Taiwan and Cambodia with wire transfers administered by the state-owned Bank of China.

The present state of the federal election process is not immune to the problems of the past. Democratic Party election lawyer Joseph Sandler, who worked on internal Democratic Party reforms, worries that loopholes still exist today: "I think there's a consensus that we don't want foreign nationals influencing our elections. What I'd be worried about now is the same big money and failed vetting that we saw in the late '90s. All the warning signs are there."<sup>26</sup>

The U.S. has banned foreign campaign contributions, as have other nations like Japan, Germany, and the United Kingdom, out of the belief that accepting them will threaten national sovereignty and that the U.S. should determine its own laws and elect its own officials free of outside interference.<sup>27</sup> In January 2012, the U.S. Supreme Court unanimously upheld these laws as constitutional in the case of *Bluman, et al. v. Federal Election Commission*.<sup>28</sup>

23 Charlie Savage and Eric Schmitt, "Pakistan's Military Plotted to Tilt U.S. Policy, FBI Says," *New York Times*, July 19, 2011, [http://www.nytimes.com/2011/07/20/us/politics/20agent.html?\\_r=1&pagewanted=all](http://www.nytimes.com/2011/07/20/us/politics/20agent.html?_r=1&pagewanted=all).

24 In the 1990s, Russian émigrés living in the U.S. believed to have had links with organized crime made campaign contributions to both Republicans and Democrats. Robert J. Kelly, "The Political-Criminal Nexus in The United States," *Trends in Organized Crime* 5, no. 2 (Winter 1999); Thomas Catan, "Russian Mafia Link to U.S. Campaign Funds," *Social Contract Journal*, 10:2 (1999).

25 S. Rep. No. 105-167.

26 Stephen Braun, "Foreign donations at risk in super PAC landscape," *The Washington Times*, February 10, 2012, <http://www.washingtontimes.com/news/2012/feb/10/foreign-donations-risk-super-pac-landscape/?page=all>.

27 Specifically Article 22 of Japan's Political Funds Control Law; see also Jun Hongo and Alex Martin, "Machara Donation Trap easy to Fall Into, and Rectifiable," *Japan Times Online*, March 9, 2011, <http://www.japantimes.co.jp/text/nn20110309a2.htm>; Germany prohibits donations from aliens outside of the European Union if the donation exceeds €1,000 (US \$1,300). See also, Law Library of Congress, "Campaign Finance: Comparative Summary," <http://www.loc.gov/law/help/campaign-finance/comparative-summary.php#speech>.

28 John Cushman Jr., "Supreme Court Retains Ban on Foreign Campaign Donations," *New York Times*, January 9, 2012, <http://theconsensus.blogs.nytimes.com/2012/01/09/supreme-court-retains-ban-on-foreign-campaign-donations/>.



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## The Internet Age

In the past, foreign governments have relied on middlemen to transfer illegal campaign contributions. With the explosion of Internet campaign fundraising, the prospect of foreign powers, criminal gangs, foreign individuals, or domestic fraudsters making direct campaign contributions to American elections becomes far more likely. Put simply, campaign fundraising crimes are now just a click away. Rather than risking detection or relying on a middleman, donations can be anonymously donated through campaign websites. The state of Internet security of many political campaigns' websites leaves American elections vulnerable to fraud or foreign influence.

In 1999 the Federal Election Commission approved the practice of campaigns accepting donations via the Internet.<sup>29</sup> To protect the integrity of the election process, the FEC requires every campaign to make its "best efforts" to collect identifying information on all contributors over \$50.<sup>30</sup> This identifying information must include the donor's name, mailing address, date, and amount of contribution. For contributions over \$200, campaigns are asked to also collect the name of employer and occupation. Donations that are \$50 or less fall under the "Pass-the-Hat" rule. This rule allows a campaign to report all donations that are \$50 or under simply as a lump sum, and does not require the campaign to keep any identifying record of the donor. However, because campaigns are simply required to make their "best efforts" to collect identifying information, a campaign that requests the information but does not receive it has not violated campaign laws.

Given the frenetic pace of political elections as well as the limited staffing of most campaigns, candidates and their advisors often have little incentive to manually verify the identities of their donors. Even worse, some candidates choose to turn off industry-standard anti-fraud credit card technology that would prevent most fraudulent donations. Indeed, some

<sup>29</sup> Federal Election Commission, AQ 1999-17.

<sup>30</sup> § 104.7.2 U.S.C. 432(i).



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candidates appear content with lax security, negligently inviting foreign or fraudulent cash into their campaign.

As former Federal Election Commission Chairman Scott Thomas has pointed out, the fact that campaigns do not need to even itemize donations of less than \$50 increases their vulnerability to "robot donations," in which any number of small donations could be made with unique aliases, fictitious addresses, and other generated personal information.<sup>31</sup> Campaigns have every incentive to choose negligence over vigilance. "Yippy doo, let's go, no need to check anything," Thomas told the *National Journal*.<sup>32</sup>

The ability of individual donors to give to campaigns via the Internet has had a tremendously democratizing effect on politics. However, the potential ease with which illegal donations—whether foreign or domestic—can flood into campaign coffers with the click of a mouse raises serious questions about the integrity of campaign donations in federal elections.

## 2008 Election: Obama and McCain

The Obama campaign is by far the most active and successful at raising funds on the Internet. Its experiences in 2008 offer evidence that the problem of fraudulent donations is real. For example, consider the case of Mary T. Biskup, a retired insurance manager from Manchester, Missouri. In 2008, then-candidate Barack Obama's FEC reports lists Ms. Biskup's \$174,800 donation to the Obama campaign.<sup>33</sup> This, of course, is far above the legal limit that any individual can give.<sup>34</sup> Yet Biskup says she did not contribute anything to the Obama campaign.<sup>35</sup> She was never billed for the "phantom" contributions; someone had taken her name and made

31 A "robo-donor," or robot donor, is a piece of software similar to what credit card fraudsters use when making false purchases online. See Neil Munro, "Online Giving Opens for Robo-Donors," *National Journal*, December 11, 2008, Accessed on Democracy 21, [http://www.democracy21.org/index.asp?Type=B\\_PR&SEC=%7B4DBEBBF2-891B-4C40-B02B-888AAE13CED6%7D&DE=%7B64BFF559-221E-4364-982E-B7C70D867797%7D](http://www.democracy21.org/index.asp?Type=B_PR&SEC=%7B4DBEBBF2-891B-4C40-B02B-888AAE13CED6%7D&DE=%7B64BFF559-221E-4364-982E-B7C70D867797%7D).

32 Ibid.

33 Federal Election Commission, Transaction Query By Individual Contributor, accessed 8/10/2012, <http://www.fec.gov/finance/disclosure/norindsea.shtml>.

34 Current FEC laws state that each citizen may contribute a total of \$5,000 to a presidential candidate per election cycle.

35 Mathew Mosk, "Obama Accepting Untraceable Donations," *The Washington Post*, October 29, 2008, <http://www.washingtonpost.com/wp-dyn/content/article/2008/10/28/AR2008102803413.html>.

contributions with another card. Who gave the fraudulent donations? How did the person slip through the system? To whom did the campaign return the money? The answers remain unclear.

In another instance of blatant donor fraud, a donor named Doodad Pro made at least 791 contributions to the 2008 Obama campaign for a total of \$19,065.<sup>36</sup> All of these donations were small donations, 313 of which arrived on September 26<sup>th</sup> 2008 alone. Over a two-month period, the campaign also received 835 donations for a total of \$20,225 from a donor named "Good Will," 92 of which were made on March 30, 2008.

The Obama campaign reported that it worked diligently to return inappropriate donations, screening donations where a single person used multiple credit cards, instances of suspicious addresses, strange words, or improper business affiliations.<sup>37</sup> Yet a *New York Times* analysis of 2008 contributions to the Obama campaign found nearly 3,000 donations from more than a dozen people listing fictitious donor information, with names such as "Test Person" from "Some Place, UT." Contributors "gtjtjtjtjtjr, AP" and "QWERTTYU" were also accepted. A brief *New York Times* study found more than \$40,000 in donations from people who didn't exist.<sup>38</sup> The Obama campaign did return \$33,000 to two Palestinians who bought T-shirts on the campaign's website.<sup>39</sup>

The McCain campaign, though far less successful at raising money online, also had problems with fraudulent donations. In August 2008, the McCain campaign reimbursed about \$50,000 in donations tied to Mustafa Abu Naba'a, a Jordanian businessman who was connected to a campaign fundraiser.<sup>40</sup> *The New York Times* discovered that 33% of the McCain campaign's

36 Michael Isikoff, "Obama's 'Good Will' Hunting," *Newsweek*, October 3, 2008, <http://www.thedailybeast.com/newsweek/2008/10/03/obamas-good-will-hunting.html>.

37 Neil Munro, "Online Giving Opens Door for Robo-Donors," [http://www.democracy21.org/index.asp?Type=B\\_PR&SEC=%7B4DBEBBF2-891B-4C40-B02B-888AAE13CED6%7D&DB=%7B64BFF559-221E-4364-982E-B7C70D867797%7D](http://www.democracy21.org/index.asp?Type=B_PR&SEC=%7B4DBEBBF2-891B-4C40-B02B-888AAE13CED6%7D&DB=%7B64BFF559-221E-4364-982E-B7C70D867797%7D)

38 Michael Luo and Griff Palmer, "Fictitious Donors Found in Obama Finance Records," *New York Times*, October 10, 2008, <http://www.nytimes.com/2008/10/10/us/politics/10donate.html?pagewanted=all>.

39 Jim McElhatton and Jennifer Haberkorn, "Candidates Slow to Detail Foreign Funds; Lists Show Large Number of Questionable Sources," *The Washington Times*, October 27, 2008, <http://www.washingtontimes.com/news/2008/oct/27/candidates-slow-to-detail-foreign-funds/?page=all>.

40 Matthew Mosk, "McCain Campaign Returning \$50,000 From Fla. Bundler," *The Washington Post*, August 8, 2010, <http://www.washingtonpost.com/wp-dyn/content/article/2008/08/07/AR2008080702133.html>.



foreign donations did not include basic information such as the contributor's complete name and address.<sup>41</sup>

In another instance, Ala'a al-Ali, a foreign national living in California, was indicted by the FBI for orchestrating at least \$60,000 in illegal contributions to the McCain and other presidential campaigns.<sup>42</sup>

These are only *known cases* of fraudulent or mysterious donations, the ones that were caught. It is impossible to know how much bad money is actually flowing to political candidates. One contributing factor is that the FEC has no specific technical requirements when it comes to campaign's receiving online donations.<sup>43</sup> As FEC spokesman Robert Biersack put it to the *National Journal*, "The committees are responsible for providing accurate information about the identifying characteristics of their donors...The precise mechanisms of that are not necessarily written into the regulations."<sup>44</sup> The FEC says that it is alert to signs of foreign donations but acknowledges "the potential for circumventing the existing rules."<sup>45</sup>

Those existing rules are minimal, and political fundraisers often rest on the theory that the banks will receive complaints from credit card holders reporting fraudulent donations. Banks are "always going to be the fundamental check on fraud and illegal donations," says Jonathan Sucker, a co-founder of ActBlue, a progressive online political fundraising organization.<sup>46</sup> However, leaving the protection process to the banks assumes that stolen credit card numbers are being used and that victims will discover and report the crime. As banks focus on addressing *contested* transactions, the use of pre-paid credit cards or donations made under fictitious names by valid credit card holders would not be reported to the banks. Mary Biskup's credit card was never stolen, just her name.

41 McElhatton and Haberkorn, "Candidates Slow to Detail Foreign Funds; Lists Show Large Number of Questionable Sources."

42 "Caribbean Man Indicted for Orchestrating Illegal Contributions to Presidential Campaigns," The Federal Bureau of Investigation, <http://www.fbi.gov/losangeles/press-releases/2009/la022509usa.htm>.

43 The closest thing to a technical requirement is FEC Advisory Opinion 2007-30(4), handed down to the Chris Dodd campaign. The Advisory Opinion assured the Dodd campaign that online contributions confirmed through the CVV and AVS would be "matchable under the Matching Payment Act."

44 Neil Munro, "FEC Rules Leave Loopholes For Online Donation Data," *National Journal*, October 24, 2008, Updated January 10, 2011, [http://www.nationaljournal.com/njonline/no\\_20081024\\_9865.php](http://www.nationaljournal.com/njonline/no_20081024_9865.php).

45 Braun, "Foreign donations at risk in super PAC landscape."

46 Munro, "Online Giving Opens for Robo-Donors."



## Inadequate and Outdated Laws

As Lawrence Norton, a former Federal Election Commission general counsel, explained to the *Los Angeles Times*, many of the laws that govern election fundraising were written in the 1970s when "no one conceived that a candidate could raise millions" in small amounts. "It certainly is a case where the 1970s law is not in step with current campaign fundraising practices." Norton is right. Because candidates are not required to disclose any donor who gives less than \$200, it is impossible to determine whether so-called "robot-donations" are being made. Only a federal audit could determine this, and the FEC rarely conducts audits.<sup>47</sup>

Interestingly, when the FEC recently approved campaign donations from cell phones via text messaging, it established restrictions to block contributions from pre-paid cell phones and from foreign numbers.<sup>48</sup> But those restrictions don't apply to pre-paid credit cards and credit cards with foreign numbers. There is no equivalent "block" for online donations from overseas.

Existing laws are grossly insufficient, and to make matters worse, are barely enforced. People who donate to campaigns with fictitious names, for example, violate laws against making false statements.<sup>49</sup> But FEC officials do not recall anyone ever being prosecuted for the crime.

## Unwanted Foreign Attention in U.S. Elections

Internationally, enormous attention is paid to American elections, particularly presidential elections. Global newspapers provide detailed articles on campaigns, fundraising, poll numbers, etc.<sup>50</sup> Foreign websites, some with dubious lineage, are free to link foreign nationals to the contribution websites of campaigns. Indeed, these sites, some of which are

47 Dan Morain and Doug Smith, "Obama's fundraising prowess exposes flaws in law," *The Los Angeles Times*, October 9, 2008, <http://articles.latimes.com/2008/oct/09/nation/na-money9>.

48 Holly Bailey, "Obama, Romney can now accept donations via text message," *ABCNews.com*, June 12, 2012, <http://articles.latimes.com/2012/aug/23/news/la-pn-obama-text-message-donation-20120823>.

49 Dan Morain and Doug Smith, "Obama's fundraising prowess exposes flaws in law,"

50 Rahul Sharma, "Taking the Cyberworld by Storm," *Hindustan Times* (New Delhi, India), March 1, 2008.

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registered anonymously, may even engage in Search Engine Optimization designed specifically to drive foreign web traffic to the donation pages of campaigns.

In the context of Internet security, this is troubling because, in addition to foreign governments and foreign corporations quietly funneling funds to candidates for political or economic favors, foreign nationals who simply like an American political candidate and their positions can raise funds for the candidate. In 2008, the chief executive of the Nigerian Stock Exchange, Ndi Okereke-Onyiuke, organized an August 2008 fundraiser for a group "Africans for Obama 2008." Held in Nigeria, the event reportedly raised \$80,000 for the presidential campaign. Though the event was publicized, Nigerian government officials intervened and required that the donations be returned to avoid violating U.S. law.<sup>51</sup> But had a similar fundraising effort been conducted quietly, or if Mr. Okereke-Onyiuke had organized his fundraiser and donated to the Obama campaign through the Internet, those funds would likely have found their way into the Obama campaign coffers, given the campaign's lack of security.

So wise are savvy foreign nationals to the way of American politics that they often joke about making donations and make light of the obvious importance of fundraising for U.S. presidential candidates. In 2008, for example, a South African newspaper joked about illegally providing "a hefty donation" to the American presidential campaign in 2008: "If your [campaign] systems can't process a donation from outside the U.S., we'll send you a cheque," wrote the columnist.<sup>52</sup>

<sup>51</sup> "Nigeria: Anti-Graft Body Probes Obama Fundraiser," *Agence France-Presse*, August 21, 2008.

<sup>52</sup> Trevor Walker, "From the desk of Trevor Walker," *Business Day (South Africa)*, March 3, 2008.



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## PART II

### The Federal Laws Governing Foreign Contributions to Campaigns For Political Office in the United States

#### General Legal Setting

In a sense there are two sets of regulations governing campaign finances - the federal statutes and the FEC regulations implementing them. The federal statutes make it a crime for non-U.S. citizens to donate to U.S. political campaigns and for anyone to *knowingly* solicit or receive such contributions.<sup>53</sup> The FEC requires that a campaign fulfil various reporting requirements to insure that the federal statutes are adhered to. However, a campaign's fulfilment of the FEC's reporting requirements does not satisfy its overarching obligation to comply with the laws forbidding donations from foreign nationals.

For FEC reporting purposes campaigns are not required to report the names and addresses of those giving more than \$50 but less than \$200 and do not have to even *maintain* the names and addresses of contributors giving \$50 or less. However, campaigns remain responsible under the criminal code to not solicit, accept or receive contributions in *any amounts* from foreign nationals.<sup>54</sup> Notwithstanding the reporting requirements, campaigns have the independent duty to ensure compliance with the law. Indeed, they risk criminal prosecution for the conscious failure to do so. This means that whether or not the FEC requires it to be reported, campaigns have an independent duty under the law to discover and protect against criminal campaign contributions.<sup>55</sup>

<sup>53</sup> For a detailed explanation of the legal precedence surrounding "knowingly" please refer to Appendix C.

<sup>54</sup> 2 U.S.C. 441e; 11 CFR 110.

<sup>55</sup> The requirement in 2 U.S.C. 432(i) and 11 CFR 104.7 that campaigns use their "best efforts" to insure accurate reports to the FEC has no bearing on the duty imposed by the criminal statute to not solicit, accept or receive contributions from foreign nationals. In other words, while showing "best efforts" may meet the standard imposed for compliance with reporting duties, it does not exonerate a campaign from its knowing solicitation or receipt of funds from foreign nationals in violation of 2 U.S.C. 441e. In determining whether any person has violated the criminal laws, authorities must apply well-established legal standards and evidentiary principles to the facts in any given case.





**Contributions From Foreign Nationals: Title 2 United States Code Section 441e**

The federal statute dealing with contributions from foreign nationals is found in the Federal Election Campaign provisions of the U.S. Code.<sup>56</sup> The statute reads in pertinent part:

**441e Contributions from Foreign Nationals**

*It shall be unlawful for—*

**(a) *Prohibition***

**(1) *a foreign national, directly or indirectly, to make--***

**(A) *a contribution or donation of money or other thing of value, or to make an express or implied promise to make a contribution or donation, in connection with a Federal, State, or local election;***

**(B) *a contribution or donation to a committee of a political party; or***

**(C) *an expenditure, independent expenditure, or disbursement for an electioneering communication (within the meaning of section 434(f)(3) of this title); or***

**(2) *a person to solicit, accept, or receive a contribution or donation described in subparagraph (A) or (B) of paragraph (1) from a foreign national.***

**(b) *"Foreign national" defined***

***As used in this section, the term "foreign national" means--***

**(1) *a foreign principal, as such term is defined by section 611(b) of Title 22, except that the term "foreign national" shall not include any***

<sup>56</sup> Title 2 United States Code Section 441e.



*individual who is a citizen of the United States; or*

*(2) an individual who is not a citizen of the United States or a national of the United States (as defined in section 1101(a)(22) of Title 8) and who is not lawfully admitted for permanent residence, as defined by section 1101(a)(20) of Title 8.<sup>57</sup>*

The statute outlaws not only the receipt of foreign contributions, but it makes it a crime to solicit them as well.

#### **Prohibition of Soliciting Foreign Donations: The FEC and Regulations Implementing §441e**

The Federal Election Commission has promulgated regulations further delineating the obligations all campaigns have to abide by the statutes forbidding contributions from foreign nationals. These regulations make it clear that the law not only forbids the knowing solicitation or receipt of such contributions but makes it a crime to provide "substantial assistance in the solicitation, making, acceptance or receipt of" contributions from foreign nationals. Title 11 Code of Federal Regulations (CFR), section 101.20, provides in pertinent part:

*(g) Solicitation, acceptance, or receipt of contributions and donations from foreign nationals.* No person shall knowingly solicit, accept, or receive from a foreign national any contribution or donation prohibited by paragraphs (b) through (d) of this section.

*(h) Providing substantial assistance.* (1) No person shall knowingly provide substantial assistance in the solicitation, making, acceptance, or receipt of a contribution or donation prohibited by paragraphs (b) through (d), and (g) of this section.

(2) No person shall knowingly provide substantial assistance in the making of an expenditure, independent expenditure, or disbursement prohibited by paragraphs (e) and

<sup>57</sup> 2 U.S.C. §441e (emphasis added).



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(f) of this section.

(i) *Participation by foreign nationals in decisions involving election-related activities.* A foreign national shall not direct, dictate, control, or directly or indirectly participate in the decision-making process of any person, such as a corporation, labor organization, political committee, or political organization with regard to such person's Federal or non-Federal election-related activities, such as decisions concerning the making of contributions, donations, expenditures, or disbursements in connection with elections for any Federal, State, or local office or decisions concerning the administration of a political committee.

(j) *Donations by foreign nationals to inaugural committees.* A foreign national shall not, directly or indirectly, make a donation to an inaugural committee, as defined in 11 CFR 104.21(a)(1). No person shall knowingly accept from a foreign national any donation to an inaugural committee.<sup>58</sup>

The Regulations go on to provide guidance on what constitutes a "knowing" violation of the prohibition on the solicitation or receipt of contributions from foreign nationals. Under section 110.20(a)(4):

(4) *Knowingly* means that a person must:

(i) Have actual knowledge that the source of the funds solicited, accepted or received is a foreign national;

(ii) Be aware of facts that would lead a reasonable person to conclude that there is a substantial probability that the source of the funds solicited, accepted or received is a foreign national; or

(iii) Be aware of facts that would lead a reasonable person to inquire whether the source of the funds solicited, accepted or received is a foreign national, but the person failed to conduct a reasonable inquiry.

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<sup>58</sup> 11 CFR 110.20.

(5) For purposes of paragraph (a)(4) of this section, pertinent facts include, but are not limited to:

(i) The contributor or donor uses a foreign passport or passport number for identification purposes;

(ii) The contributor or donor provides a foreign address;

(iii) The contributor or donor makes a contribution or donation by means of a check or other written instrument drawn on a foreign bank or by a wire transfer from a foreign bank; or

(iv) The contributor or donor resides abroad.<sup>59</sup>

As explained more fully below, while no person can be held accountable under the law for violations he or she is powerless to prevent or for violations of which a person had no knowledge, the law recognizes that to permit meaningful enforcement a person cannot escape responsibility for a crime by deliberately ignoring facts and circumstances that would lead a reasonable person to conclude that a crime is most likely being committed.<sup>60</sup> Moreover, the FEC regulations make it clear that a campaign official cannot avoid criminal culpability by ignoring facts that would lead a reasonable person to inquire whether foreign nationals are contributing funds to the campaign.<sup>61</sup>

### **The Penalties for Violating the Foreign Contributions Statute**

The penalties for violating the law on foreign donations are set out in Title 2 U.S.C. §437g(d)(1)(A), which provides:

#### ***(d) Penalties; defenses; mitigation of offenses***

<sup>59</sup> 11 CFR 110.20 (a) (4)&(5).

<sup>60</sup> 11 CFR 110.20(a)(4)(ii).

<sup>61</sup> 11 CFR 110.20(a)(3).

*(1)(A) Any person who knowingly and willfully commits a violation of any provision of this Act [the Federal Election Campaign Act] which involves the making, receiving, or reporting of any contribution, donation, or expenditure--*

*(i) aggregating \$25,000 or more during a calendar year shall be fined under Title 18, or imprisoned for not more than 5 years, or both; or*

*(ii) aggregating \$2,000 or more (but less than \$25,000) during a calendar year shall be fined under such title, or imprisoned for not more than 1 year, or both.<sup>62</sup>*

Because the solicitation or receipt of foreign contributions is prohibited under the Federal Election Campaign Act and involves the making, receiving or reporting of political contributions or donations, these crimes carry the maximum penalties prescribed in section 437g.<sup>63</sup> Accordingly, the solicitation or receipt of foreign contributions in an aggregate amount exceeding \$25,000 is a felony, subjecting the violator to federal imprisonment for up to five years.<sup>64</sup> Aggregate contribution amounts between \$2,000 and \$20,000 carry penalties of up to a year in federal prison.<sup>65</sup>

The statute was presumably designed to prevent our nation's political campaigns from being influenced by foreign interests and nationals who have no right or standing to participate in our internal election process. It would be hard to envision a more serious violation of the statute and threat to our sovereignty than one involving substantial contributions from foreign nationals.

<sup>62</sup> 2 U.S.C. §437g.

<sup>63</sup> Title 2 U.S.C. §437g(d)(1)(A)(i).

<sup>64</sup> Title 2 U.S.C. §437g(d)(1)(A)(i).

<sup>65</sup> Title 2 U.S.C. §437g(d)(1)(A)(ii).

## The Elements of a Criminal Offense Under §441e

Every criminal offense in the federal code has elements that must be proven to establish that the crime has been committed. The elements of an offense under 2 U.S.C. §441e are the:

- (1) knowing,
- (2) solicitation, acceptance or receipt,
- (3) from a foreign national as defined in 441e(b),
- (4) of a contribution or donation of money or other thing of value,
- (5) in connection with a Federal, State, or local election.

The last four elements above would normally be established by direct evidence, and would not be subject to meaningful challenge in proceedings under the statute. If a person solicits, accept or receives a contribution from a foreign national to a political campaign for elective office in the United States, those four elements are met.

The law does not make it a crime to unintentionally or unknowingly receive contributions from foreign nationals. With an increasingly global economy and the international reach of the world-wide-web, it would be difficult for any campaign to meet so stringent a standard. Congress has criminalized only the *knowing* receipt of such contributions.<sup>66</sup> But the law does not allow a person to cast a blind eye to the truth. In other words, no one can avoid responsibility for a crime by deliberately ignoring the obvious. Moreover, because knowledge and intent are states of mind, they are almost never susceptible of direct proof, and almost invariably must be shown by circumstantial evidence. For this reason, the courts have long recognized that knowledge and intent can be proved by showing that under all the circumstances a reasonable person would be on notice that a crime is being committed. Moreover, persons whose greater expertise and sophistication make them better able to discern the likely outcome of their actions or omissions

<sup>66</sup> 2 U.S.C. 441(e) and 11 CFR 110.20.

are less able to convincingly disclaim such knowledge.<sup>67</sup>

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<sup>67</sup> See Appendix C for further explanation of the legal intricacies of "knowing."



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### PART III

## Federal Laws Governing Domestic Donations, Campaigns' Online Donation Tools, and Vulnerabilities

Federal law, in addition to banning foreign campaign contributions, also limits donations from U.S. citizens. (Table from the FEC website).<sup>68</sup>

	To each candidate or candidate committee per election	To national party committee per calendar year	To state, district & local party committee per calendar year	To any other political committee per calendar year[1]	Special Limits
Individual may give	\$2,500*	\$30,800*	\$10,000 (combined limit)	\$5,000	\$117,000* overall biennial limit: <ul style="list-style-type: none"> <li>• \$46,200* to all candidates</li> <li>• \$70,800* to all PACs and parties[2]</li> </ul>
National Party Committee may give	\$5,000	No limit	No limit	\$5,000	\$43,100* to Senate candidate per campaign[3]
State, District & Local Party Committee may give	\$5,000 (combined limit)	No limit	No limit	\$5,000 (combined limit)	No limit
PAC (multicandidate)[4] may give	\$5,000	\$15,000	\$5,000 (combined limit)	\$5,000	No limit
PAC (not multicandidate) may give	\$2,500*	\$30,800*	\$10,000 (combined limit)	\$5,000	No limit
Authorized Campaign Committee may give	\$2,000[5]	No limit	No limit	\$5,000	No limit

68 "The Campaign Finance Law," Federal Election Commission, Contribution Limits 2011-12 Chart, Published February 2004 (Updated February 2011), [http://www.fec.gov/pages/brochures/fecfec.shtml#Contribution\\_Limits](http://www.fec.gov/pages/brochures/fecfec.shtml#Contribution_Limits).



## Reporting Burden on Campaigns

To ensure that the rule of law is being adhered to, federal statutes and FEC regulations impose reporting and record keeping requirements on federal campaigns and specify the level of reporting required for different contribution amounts. The law requires every federal campaign to keep account of *and* report the "identification" of any person who makes a contribution of more than \$200 or multiple contributions aggregating more than \$200 during any calendar year.<sup>69</sup> "Identification" is defined by statute to include the contributor's name, mailing address, occupation and employer.<sup>70</sup> For contributions over \$50 but less than \$200, campaigns are required only to maintain a record of contributors' names and addresses.<sup>71</sup> Contributions of \$50 or less fall under the "Pass-the-Hat rule."<sup>72</sup> The FEC permits campaigns to report such donations as a lump sum figure and does not require campaigns to maintain any identifying information of the donor.

The Pass-the-Hat rule was created to handle in-person campaign events of the type where a campaign's recording the amount of money each contributor gave would be overly burdensome (events such as a public barbeque). As previously explained, this rule gives campaigns the flexibility to report individual contributions under \$50 as a lump sum without identifying each individual donor. Of the lump sum, neither the number of donations nor the individuals making them need be reported. The FEC clearly states that such events are comparatively rare and that it is unduly burdensome for campaigns to track precisely who gave a small dollar donation, as when a hat was passed around the table for contributions in cash.<sup>73</sup> However, the Pass-the-Hat rule still exists in an age when small dollar donations may be given twenty-four hours a day, seven days a week online. Campaign finance treasurers are only expected to make their "best

<sup>69</sup> 2 U.S.C. 43(c) and 434(b); 11CFR 102.9(a) and 104(3)(a)(4).

<sup>70</sup> 2 U.S.C. 431(13).

<sup>71</sup> 2 U.S.C. 432(c); 11 CFR 102.9.

<sup>72</sup> 2 U.S.C. (c)(2)&(3).

<sup>73</sup> Agenda Document No. 12-39, AO 2012-17, Draft A, Federal Election Commission, Footnote 9, page 8, (2012), <http://saos.nictusa.com/aodocs/1209990.pdf>.



efforts” to ensure that these small donors do not violate the FEC donation caps discussed above (see footnote 51).

While the FEC reports a campaign’s total non-itemized contributions, it does not publish the raw data of such contributions (collected in something called an F3 form). To obtain the number of people making up that lump sum and the identity of those contributors, one must get them directly from the campaign. In a phone interview conducted by the Government Accountability Institute, the FEC stated that candidates rarely release the identities and number of contributors who fall under the Pass-the-Hat rule. Neither the Obama nor the Romney campaigns have ever released this information. Not even the FEC has this information.

The FEC has no specific requirements on card providers, third-party processors, or acquiring banks. Instead, *campaign treasurers* are tasked with ensuring that these parties and the campaign itself are operating within U.S. election laws.<sup>74</sup> The degree to which a campaign polices itself is extremely broad. As stated above, a campaign is only required to disclose the identifying information of a donation if the donor gives more than \$200 in a calendar year. Campaigns can and do solicit online contributions at just below the \$200 threshold, which conveniently avoids transparency. Though many donors, preferring to stay below that threshold to avoid solicitations from other campaigns, will only donate an amount below \$200, the situation creates the incentive and opportunity for campaigns to look the other way when questionable donations come their way. Below is an email solicitation sent out to prospective contributors from the Obama campaign requesting contributions of \$190:

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<sup>74</sup> 2 USC § 432.



## OBAMA BIDEN

Anthony –

In a few days, I'll be hitting the trail for my last campaign.

Everything we've accomplished in the past three years — and our chance to do so much more — is on the line.

What we do today will be a measure of whether or not we're ready to fight for it.

Donate \$180 or whatever you can before tonight's fundraising deadline.

By pitching in before midnight, you'll automatically be in the running to join me and George Clooney at his place on May 18th. It's not often I can get away from work, so I look forward to spending a fun evening in L.A. with a couple supporters like you.

In the meantime, let's close out this deadline strong:

<https://donate.barackobama.com/Midnight-Deadline>

Thanks,

Barack

A campaign's vulnerability to fraudulent foreign or domestic campaign contributions is not for a lack of available technology. Online businesses and credit card companies have developed a host of effective anti-fraud tools to detect and minimize Internet credit card fraud. But the FEC does not even require the least of the anti-fraud tools that are commonly used in online business. In fact, nearly half of Congress fails to use the simplest of these technologies for their online fundraising efforts.<sup>75</sup>

<sup>75</sup> Please see Appendix A.



## Credit Card Fraud Prevention Tools & Techniques

To combat online credit card fraud, the merchants and credit card companies have devised a myriad of tools and techniques.<sup>76</sup> Industry experts recommend the use of the two industry-standard tools that are easy to install and even easier to maintain:

1) *The Card Verification Value (CVV)*, the CVV, also known as the Card Security Code (CSC), CVV2, or Card Verification Number (CVN), is a three or four digit number generally imprinted on the back of the card.<sup>77</sup> Its purpose is to verify that the person executing the purchase physically possesses the card. CVV is an automated system. If the automated system detects possible fraud, the vendor's system is notified of the anomaly, and the transactions are generally declined.

2) *The Address Verification System (AVS)*, the AVS compares the numerical data in the address provided by the cardholder against the information held by the processor. This allows the vendor (or a campaign) to ask for a billing address (street number, apartment number, PO Box number, and zip code) with the card information, and check any numerical data in the address against the numerical information on file with the card issuer.

Unlike the CVV, a website can be set to accept multiple degrees of error in the AVS. Thus, depending on the degree of error the Webmaster allows for the AVS, a transaction might not be flagged as potentially fraudulent if the purchaser mistyped the address associated with the card. While all major U.S. credit card issuers are AVS compliant, many foreign card issuers are not.

<sup>76</sup> E-commerce professionals speak in terms of preventing and suppressing online fraud – not eliminating it. Typically such professionals treat 2% -4% fraud rates as the cost of doing business given the current state of the art.

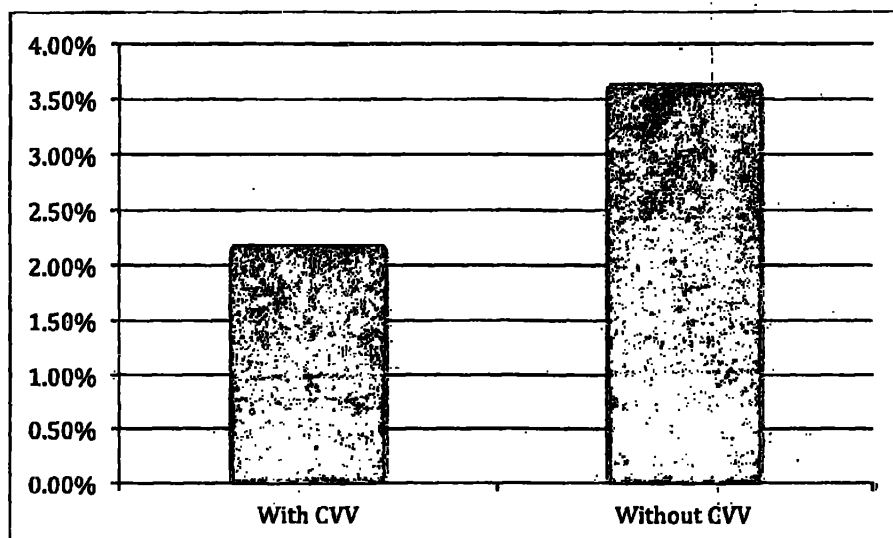
<sup>77</sup> Visa, Master Card, and Discover use three digits. American Express uses four digits. The terminology has changed, and is used differently by different card processors and card issuers; no matter the name, the function is the same.



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## Consequences of Failing to Use Industry-Standard Anti-Fraud Online Security Tools

The consequences of a campaign choosing not to use either of these industry-standard anti-fraud tools are considerable, especially when weighed against the relative ease with which they are installed and maintained. In all credit card transactions, the merchant or campaign is charged a small percentage of the payment/donation. However, *merchants/campaigns that don't use the CVV and AVS are typically charged a much higher rate.* Cybersource typically charges a \$0.25 flat fee per transaction and 2.19% of the transaction amount for campaigns that use both the CVV and AVS.<sup>78</sup> Cybersource typically charges 3.64% of the donation amount for campaigns and other merchants that don't use either of the two tools.<sup>79</sup>



Percent of Political Contribution Paid to Cybersource

<sup>78</sup> Visa's Cybersource is a major provider of card processing services for Presidential campaigns. Cybersource's rates are very similar to those of First Data and Bank of America.

<sup>79</sup> These numbers were quoted by a Cybersource representative.



On top of the transaction fees, any campaign that must return a disputed transaction, no matter how small, would typically pay a substantial "chargeback fee" for each returned contribution.<sup>80</sup> Considering the cost of not having both the CVV and AVS, why would a campaign not use both? Banks don't charge for providing CVV and AVS technologies. Any campaign not using these industry-standard security tools is increasing its costs and unnecessarily increasing the risk of at least two types of potential fraud:

- The Fraudulent High Dollar Donor(s): –the fraudulent high dollar donor is politically motivated and is seeking to avoid detection by making numerous donations below the \$200 dollar threshold, over which their donation must be identified; they may seek to exceed campaign donation limits.
- The Unintentional Fraudster –a foreign national who is unaware of U.S. election laws but sympathetic to the campaign. Such an individual can easily end up on a campaign donation page. Given that a number of campaigns list the U.S. donation laws in an inconspicuous place on the "donate" page, it is easy to see how illegal donations can be made with no malicious intent.

To be sure, even with the discussed tools in place, the potential for fraud still exists. Nevertheless, campaigns that use these industry-standard anti-fraud credit card security features, especially the CVV, *significantly* increase the odds that FEC laws won't be violated. In the case of the Unintentional fraudster, for example, use of the above tools would eliminate the vulnerability almost entirely. A geo-location system could be used to alert the unintentional fraudster of U.S. law in a language specific to the visitor's region. In the case of the fraudulent high dollar donor, the CVV and AVS would make his or her task much more difficult to accomplish and easier to detect.<sup>81</sup>

During the course of the investigation, the Government Accountability Institute found that even sophisticated campaigns and federal authorities seem to be unaware of individuals who are misrepresenting themselves and soliciting funds while posing as political party organizations.

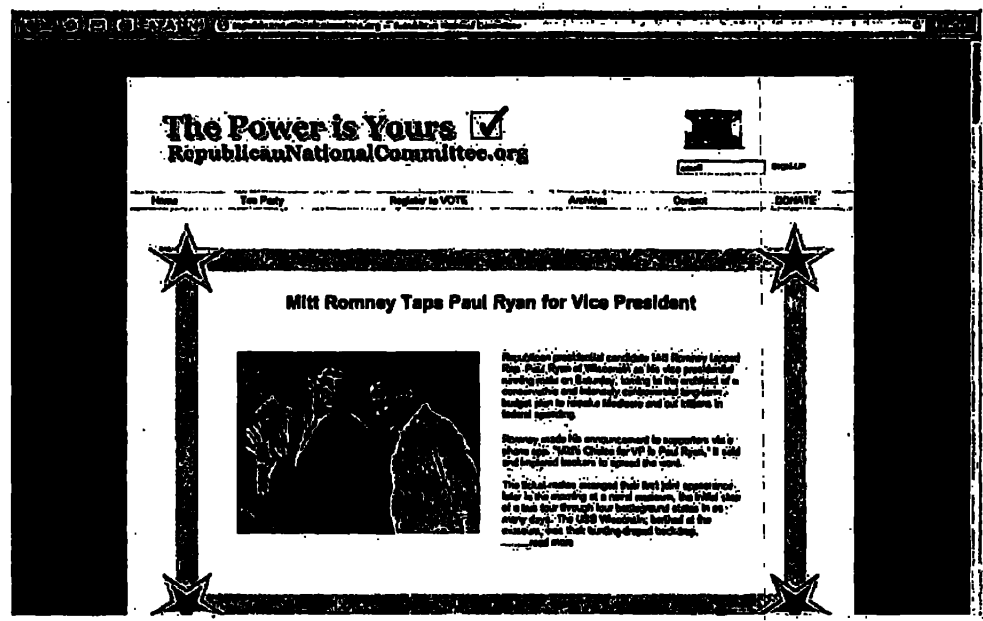
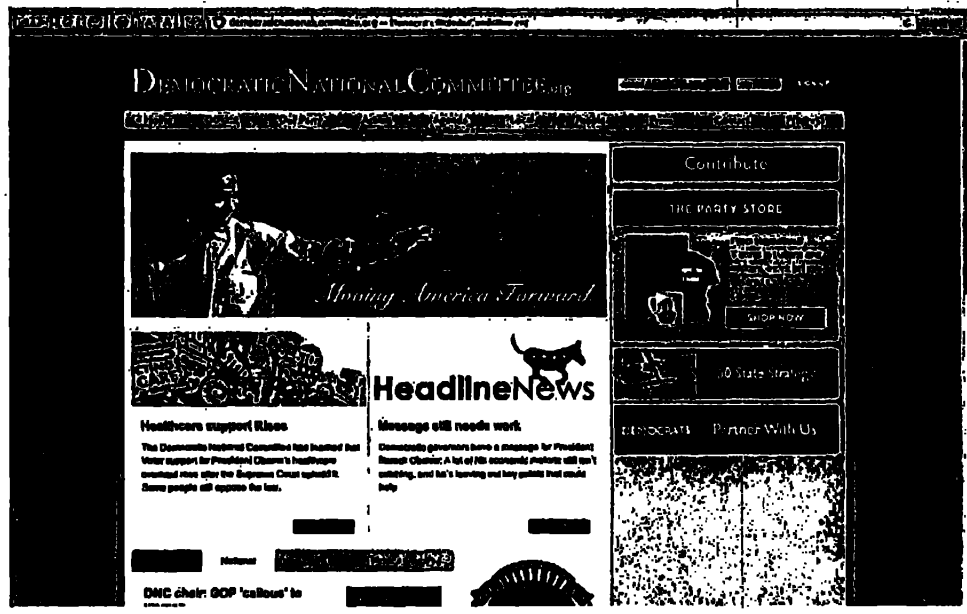
<sup>80</sup> Chargeback fees vary from bank to bank. According to several industry experts, \$35 is a common chargeback fee.

<sup>81</sup> "2012 Online Fraud Report: 13th Annual Edition," 4.



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Indeed, these frauds operate out in the open. Consider the websites [democraticnationalcommittee.org](http://democraticnationalcommittee.org) and [republicannationalcommittee.org](http://republicannationalcommittee.org). Both websites appear legitimate, use the logos of the named party, and accept donations. However, these websites are not owned by either of the political parties but instead are both owned by a man who lives in Massachusetts.



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This flagrant misrepresentation is taking place in a clear and conspicuous fashion. In fact, the fraudulent democraticnationalcommittee.org website is feeding information into the official Democratic National Committee's Google Analytics account, suggesting that the DNC isn't aware that its security has been compromised.<sup>82</sup>

### Robo-Donors

The FEC currently has no technical security requirements for campaigns to solicit and receive contributions, creating vulnerabilities for all campaigns that fail to employ industry-standard anti-fraud credit cards security features. For example, in the absence of the CVV or AVS, a foreign donor wanting to influence a federal election could make \$100,000 in donations during the last month of a campaign from five credit card accounts by using a "robo-donor" that randomly selects U.S. names and addresses from a database and makes \$10, \$25, and \$40 contributions.

A "robo-donor," or robot donor, is a piece of software that will "attack" a point of purchase (in this case a donation) with a list or database of credit card numbers that are either stolen, randomly produced using a random number generator, or obtained legitimately. A well-implemented robo-donor could make it possible for a single person or entity to unduly influence an election by making a large number of donations, each of which could evade the \$200 dollar reporting threshold or the Pass-the-Hat Rule. The use of card security features makes fraud via robo-donor more difficult.<sup>83</sup>

<sup>82</sup> The Google Analytics account number is UA-70251-1, and a simple Google search for that number will reveal that it is associated with the actual DNC websites. Google Analytics is a tracking software used by Webmasters to give them information about the sites that on which it is installed.

<sup>83</sup> While the AVS tool would stop virtually all the fraudulent transactions attempted with credit card numbers created by a random number generator, a fraudster could still use those legitimate credit card numbers to which he knows the address. Such cards might have been stolen by any number of methods, or held legitimately 87.8% of the traffic flowing. However, the use of AVS could also reduce the likelihood of bypassing the reporting limits.



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But since fraudulent donations translate into more campaign dollars raised, few incentives exist for campaigns to protect themselves against robo-donors and other frauds. The \$200 threshold for reporting donations makes it almost impossible for outside watchdog groups to detect fraudulent donations. Furthermore, those campaigns that don't accept federal matching funds are not required to submit to the mandatory audit that accepting federal matching funds brings, effectively shielding them against charges of foul play unless fraud is obvious.<sup>84</sup>

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<sup>84</sup> "Public Funding of Presidential Elections," Federal Elections Commission, <http://www.fec.gov/pages/brochure/pubfund.shtml>.

## PART IV

### Current Vulnerabilities to Federal Candidates' Online Security

The Government Accountability Institute has conducted an in-depth investigation into the state of the federal election online donation process. Questions that the investigation sought to answer were:

1. Do campaign websites use industry-standard online anti-fraud security tools?
2. Do campaigns purposely or accidentally solicit foreign nationals for donations?

To answer these questions, the Government Accountability Institute looked at the security employed by all 535 members of Congress on their official campaign websites as well as the two leading presidential candidates. Given that presidential candidates historically have been the primary recipients of contributions by foreign governments and nationals, the presidential candidates were investigated more thoroughly than were the members of Congress.

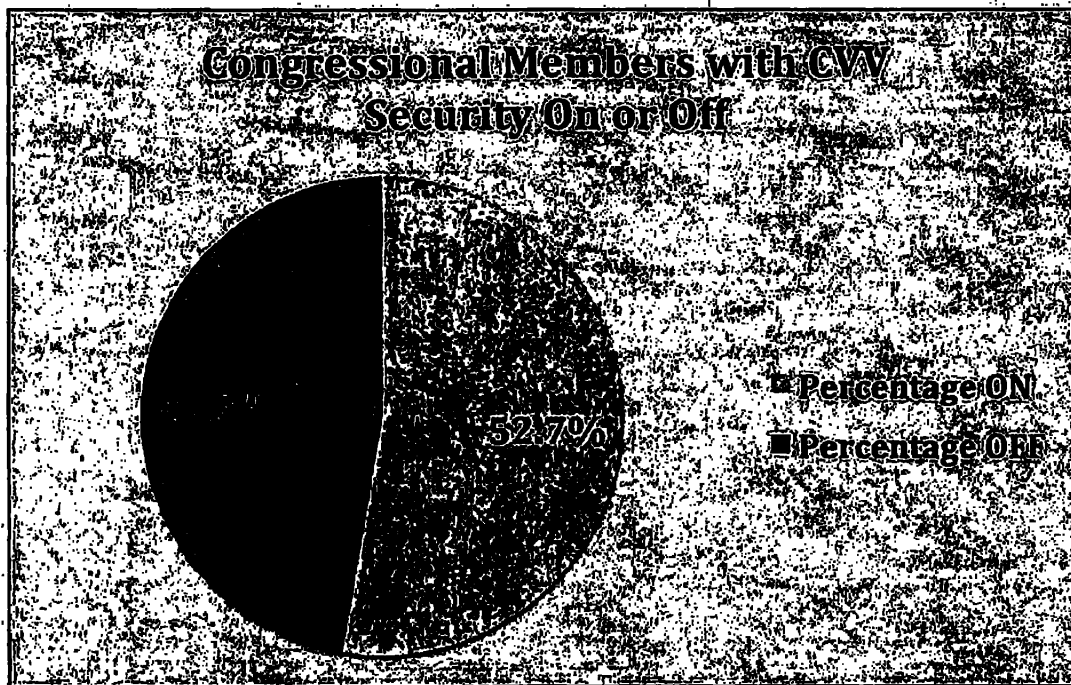
The Government Accountability Institute gave an equal amount of attention to both presidential candidates at the onset of the investigation. Additional investigative attention was assigned to examine anomalies, regardless of which candidate's online donation platform presented the discrepancy.



**Congress's Use of Industry-Standard Anti-Fraud Credit Card Security Measures<sup>85</sup>**

47.3% of Congressional Campaign Websites do not use

CVV Anti-Fraud Security Protection



*Note: The data reflect CVV settings on congressional campaign websites as of August 14-15, 2012.*

History shows that foreign actors are interested in contributing to the campaigns of members of Congress. As we've seen, foreign nations, including Pakistan in recent years, China in the 1990s, and the Philippines in the 1960s, have all funneled campaign donations to

<sup>85</sup> See Appendix B for a list of which members of Congress do and do not use the CVV...



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congressional candidates to curry favor and influence. These are, of course, the cases that were brought to light.

Foreign powers have funneled these contributions in order to influence policy. Members of congress who sit on powerful committees are especially vulnerable to such activities. Take Congresswoman Ilena Ros-Lehtinen, Chairman of the House International Affairs Committee. Prior to May 1, 2012, her campaign website did not require the CVV to contribute to her campaign. Though GAI found no evidence that illicit contributions were made to her campaign, her position and influence make her a likely candidate for such an operation. Her website Voteilena.com does not receive significant foreign Internet traffic nor does she have foreign websites linking to her page. Without the CVV, screening out foreign donations falsely labeled as domestic would be extremely difficult.

Another possible motivation for foreign influence could be ethnic solidarity. Republican Senator Marco Rubio of Florida is Cuban-American and appeals to the large Cuban diaspora living throughout Latin America. During his run for the Senate in 2010, Rubin did not require the CVV from his online contributors.<sup>86</sup> The Government Accountability Institute found considerable international interest in the Rubio campaign, including significant foreign traffic going to the website marcorubioforussenate.com. Links on foreign websites often took the form of videos that featured links to "donate" to the Rubio campaign.

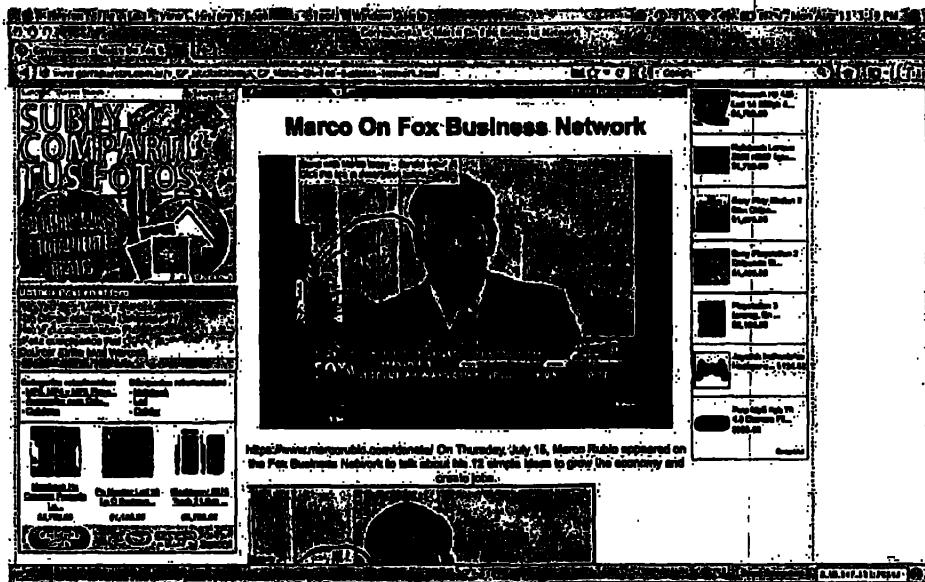
Examples of foreign websites linking to the Rubio campaign's webpage include:

1. An Argentinian website features a video of Senator Rubio with the caption "Stand with Marco today – donate now! Click the link in description below." According to Markosweb, a

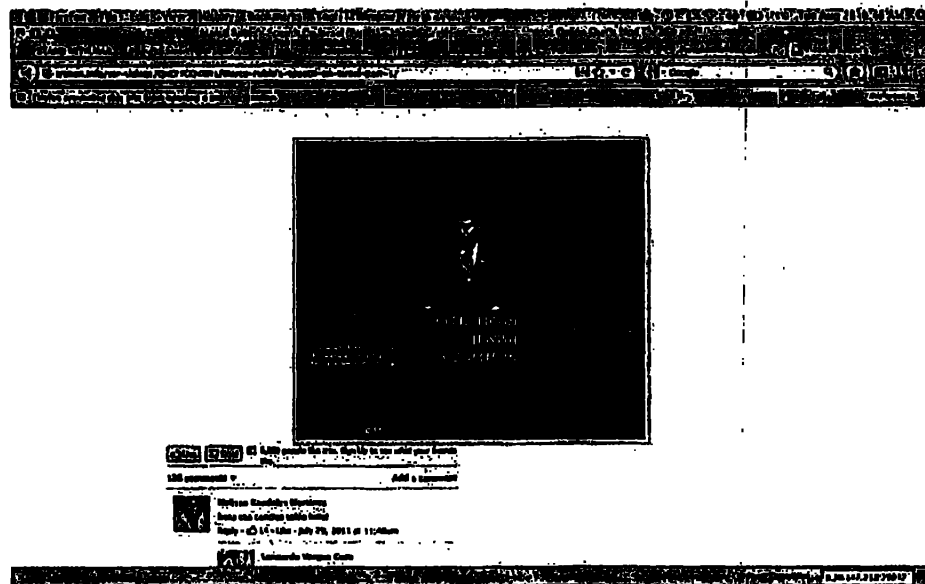
<sup>86</sup> The Rubio campaign began requiring the CVV code on May 1st 2012. Members who use the same fundraising consultant as the Rubio campaign, Pirix of San Francisco, also started to require the CVV code on the same day.



leading web metrics firm, 93.3% of the traffic to the site is foreign.<sup>87</sup>



2. A Peruvian registered site features an ad for the Senator. The site gets 75% of its traffic from Latin America.<sup>88</sup>



<sup>87</sup> Video, "Marco on Fox Business Network," [www.gorrapuesia.com.ar/v\\_GP\\_aRtRoRMxwyA\\_GP\\_Marco-On-Fox-Busines-Network.html](http://www.gorrapuesia.com.ar/v_GP_aRtRoRMxwyA_GP_Marco-On-Fox-Busines-Network.html).

<sup>88</sup> "Trimen.Info" website; <http://trimen.info/ver-videos/OxCr7004Wrs/marco-rubio/speech-on-israel-part-1/>.

### Third-Party Fundraising Organizations: Undermining Online Donation Security

Even if candidates do have the CVV on their official campaign websites, the candidates most likely accept money from an organization that doesn't. The most visible examples are the third-party fundraising organizations ActBlue and ActRight.<sup>89</sup> ActBlue raises large sums for Democrat and progressive candidates such as Elizabeth Warren, a Senate candidate in Massachusetts who has received more than \$5.7 million through ActBlue during the campaign cycle.<sup>90</sup> ActBlue asks a contributor to affirm that he or she is a U.S. citizen, is not using corporate funds, and is not a federal contractor. To confirm this information, ActBlue simply requires the check of a box. Once ActBlue receives the contributions, it disburses the funds to the campaign within the week and claims a 3.95% processing fee. According to ActBlue, this fee "pays for our access to the credit card network and the operation and ongoing development of our fundraising infrastructure."<sup>91</sup>

Republicans, historically less aggressive in online fundraising, are fast joining the trend. The recently established ActRight PAC raises money nationwide for Republican congressional and presidential candidates.<sup>92</sup> Though much smaller than ActBlue, it still raises a substantial amount of money for Republicans. As of late August 2012, it had raised \$173,000 for the Romney campaign.<sup>93</sup> But unlike the official Romney site, ActRight does not require the CVV on its donation page.<sup>94</sup>

<sup>89</sup> See Screenshots 1 and 2 in Appendix D.

<sup>90</sup> ActBlue Directory, Accessed September 3, 2012, <https://secure.actblue.com/directory?utf8=%26query=elizabeth+warren>.

<sup>91</sup> While ActBlue will not discuss its internal processes, this information comes via a letter from Lora Haggard, Chief Financial Officer of the 2008 John Edwards Campaign, to FEC chairman Robert D. Lenhardt explaining the ActBlue arrangement and seeking federal matching campaign dollars for contributions coming via ActBlue.

<sup>92</sup> Astute observers will ask how we tabulated a congressperson or senator if their main page required CVV, but they had a direct link to ActBlue or ActRight prominently displayed. In such cases we gave them the benefit of the doubt and counted them as using CVV. An increasing number of campaigns, however, are using these third party sites as their donation pages, forwarding contributors to these sites from the official campaign sites. At least one senator changed to this arrangement during our research.

<sup>93</sup> ActRight, <http://actright.com>.

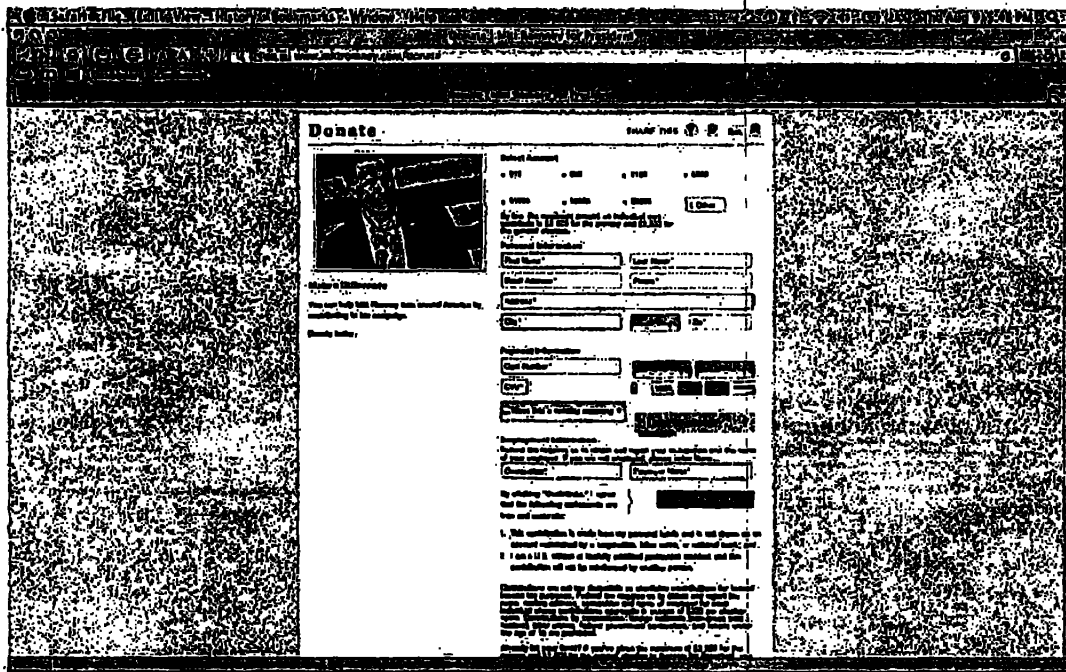
<sup>94</sup> ActRight, "Donation Page," <https://actright.com/donate.php/mitt>.



## Presidential Candidates

### *Mitt Romney*

The donation page on Mitt Romney's campaign website requires contributors to enter the CVV. Were the Romney campaign to turn off the CVV (current laws do not require it), the campaign would become more vulnerable. The Romney campaign also likely uses an AVS system on its donation page. However, it is difficult for independent accountability groups to verify that an AVS system is being used and impossible to determine how strong of a system, if any, is being used.

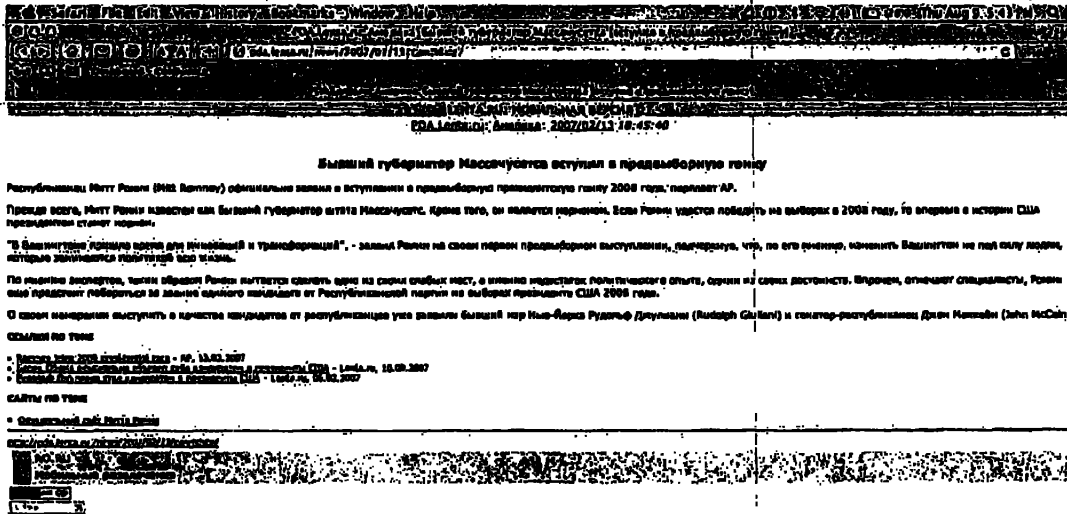


About 11.9% of the Romney campaign's Internet traffic comes from foreign sources.<sup>95</sup> Examining over 100,000 backlinks on the Internet that link to the Romney campaign's webpage, approximately 12.8% of those are from foreign sources, including foreign language news sites and blogs. For example, the screen capture pictured below is from a Russian website which links

<sup>95</sup> Alexa: The Web Information Company, [Alexa.com](http://Alexa.com), accessed August 13, 2012, 3:47 pm.



to the Romney campaign's webpage. Clicking on the link sends visitors to a page where they can sign up to receive emails and donate.<sup>96</sup>



During the 2012 campaign, the Romney team has received some criticism for its campaign fundraising as it relates to foreign connections. An email chain circling within the banking giant Credit Suisse soliciting donations for Mitt Romney began with U.S. citizens but was ultimately sent to foreign staffers, including those in the firm's London office. Some bankers claimed that they felt the need to make the contributions because the executive who sent the email was the one who determined their bonuses.<sup>97</sup> Also, Romney has held private fundraising events overseas asking for funds from Americans living overseas. One such event was a dinner in London hosted by the British Bank Barclay's and Chief Executive Bob Diamond, a U.S. citizen. Guests were told to bring a passport to prove their citizenship.<sup>98</sup>

<sup>96</sup> "Lenta.ru" website, "Pda.lenta.ru/news/2007/02/13/candidate/.

<sup>97</sup> Tom Bergin and Mark Hosenball, "Exclusive: Credit Suisse banker sought Romney donations," *Reuters*, March 2, 2012.

<sup>98</sup> Tim Walker, "U.S. Election 2012: Mitt Romney to Attend London Fundraising Dinner Hosted by Barclays boss Bob Diamond," *The Telegraph* (UK), June 28, 2012.





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The Romney campaign has also been criticized for using bundlers, men and women who collect donations and "bundle" them together for the campaign, who are registered foreign agents.<sup>99</sup> Ignacio E. Sanchez, one of Romney's bundlers, is a registered foreign agent for the United Arab Emirates and a presidential candidate for the Dominican Republic. Another registered foreign agent bundling for Romney is Tom Loeffler of Akin Gump, a former congressman turned lobbyist who has represented the government of Saudi Arabia and Hong Kong.<sup>100</sup> The full extent of Governor's Romney's use of bundlers is not known as the Romney campaign has never disclosed his bundlers despite the bipartisan call for his campaign to do so.<sup>101</sup>

### Governor Romney and Foreign Nationals in Social Media

By design, social media's expansive and viral nature disseminates information, ideas, and causes. As a result, social media is difficult to control, and indeed should not be controlled. Campaigns need to be aware that the age of social media is an age where donation requests go viral, reaching the furthest corners of the world. Failure to employ industry standard security and transparent accountability is almost an invitation to foreign money to inject itself into federal campaigns. Though Governor Romney does not enjoy the international popularity of many U.S. political figures, his campaign's literature is still circulated on foreign social media.

1. A Twitter account that appears to be from the Romney campaign tweets in Arabic, presumably to a foreign audience. The Twitter account links to the Romney campaign's page.<sup>102</sup>

99 A registered foreign agent is a lobbyist who works for a foreign government or foreign citizens.

100 Josh Israel, "Romney Bundler Foreign Agent for Hong Kong," *Think Progress*, July 23, 2012,

<http://thinkprogress.org/politics/2012/07/25/578531/romney-bundler-registered-foreign-agent-hong-kong/>

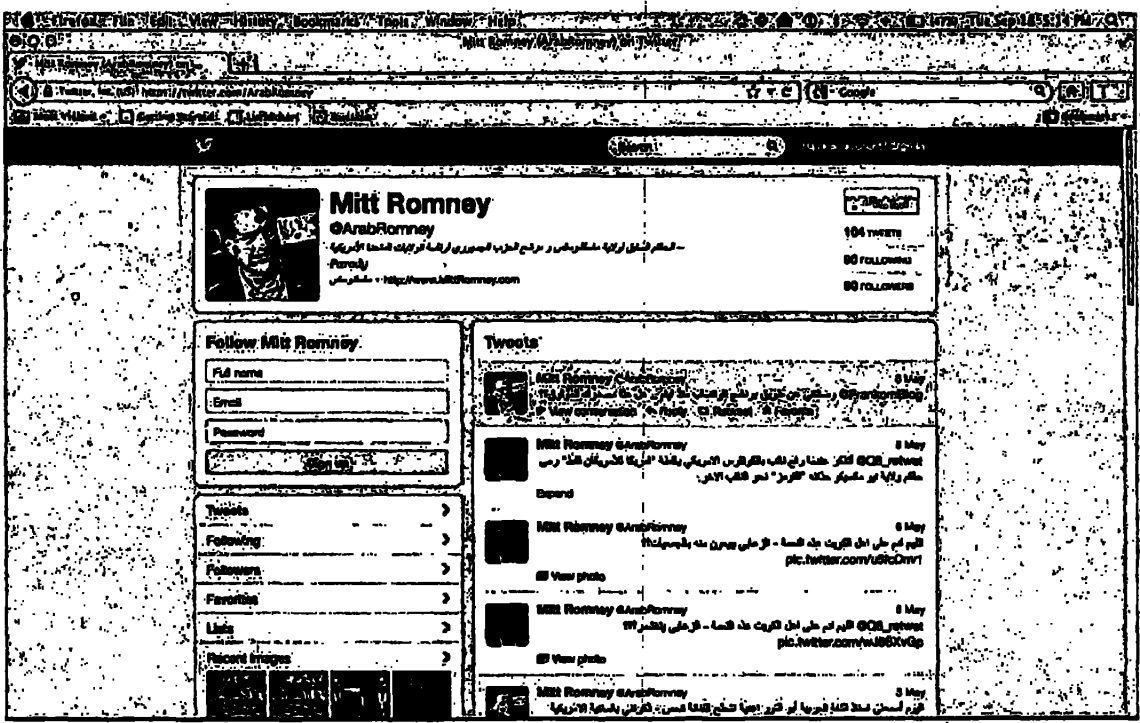
101 Peter Schweizer, "Mitt's Other Secret: Time to Disclose Romney's Campaign Bundlers," *The Daily Beast*, July 19, 2012,

<http://www.thedailybeast.com/articles/2012/07/19/romney-s-other-secret-time-to-disclose-romney-s-campaign-bundlers.html>

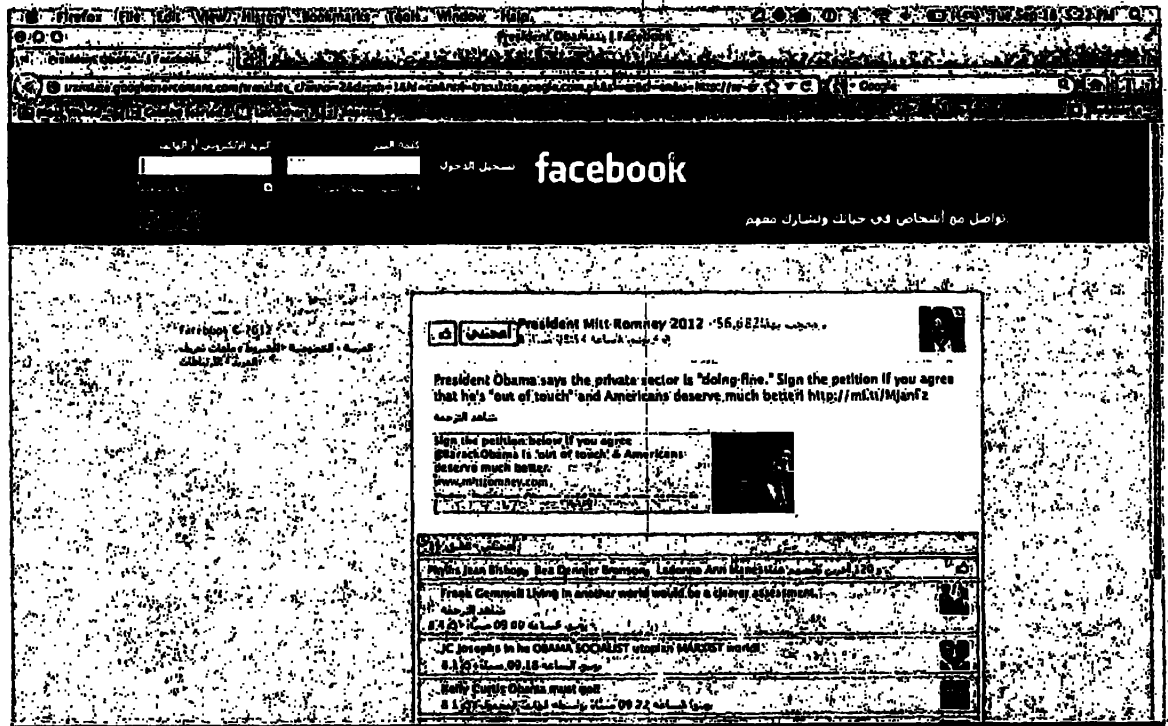
102

[http://translate.googleusercontent.com/translate\\_c?depth=1&hl=en&langpair=ar%7Cen&rurl=translate.google.com.pk&u=http://twitter.com/AraRomney&usq=ALkLrhjwbtDS3MVSyEwrcGyJ9Rzrz-vQ](http://translate.googleusercontent.com/translate_c?depth=1&hl=en&langpair=ar%7Cen&rurl=translate.google.com.pk&u=http://twitter.com/AraRomney&usq=ALkLrhjwbtDS3MVSyEwrcGyJ9Rzrz-vQ)

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2. The Romney campaign's Facebook page is available on Arab Facebook (ar.facebook). 103



### Barack Obama

No political candidate in American history can match the technological sophistication, reach, or capability of the Obama campaign.<sup>104</sup> Indeed, the Obama campaign is universally recognized as the gold standard of technological campaign sophistication. In 2008, the Obama campaign's online machine raised \$335 million, a little over half its total individual contributions, in donations under the \$200 threshold for full disclosure.<sup>105</sup>

103 [http://translate.googleusercontent.com/translate\\_c?anno=2&depth=1&hl=en&url=http://ar.facebook.com/PresidentMittRomney/posts/231675936951060%3Fcomment\\_id%3D806345%26offset%3D0%26total\\_comments%3D5&usq=ALkJrhjHDMWK7UietkoKE\\_KcyTXubqA2w](http://translate.googleusercontent.com/translate_c?anno=2&depth=1&hl=en&url=http://ar.facebook.com/PresidentMittRomney/posts/231675936951060%3Fcomment_id%3D806345%26offset%3D0%26total_comments%3D5&usq=ALkJrhjHDMWK7UietkoKE_KcyTXubqA2w)

104 Jeff Larson, "Explore Hundreds of Campaign Emails in the Message Machine," *Pro Publica*, July 17, 2012, <http://www.propublica.org/article/explore-hundreds-of-campaign-emails-in-the-message-machine>.

105 "2008 Presidential Campaign Finance," Federal Elections Commission, <http://www.fec.gov/disclosure/pnational.do>.



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In 2008, the Obama technology team's strategy was based on aggressive grassroots activism and targeted marketing, raising a stunning \$500 million online. The Obama campaign's technology team gives every indication of surpassing its 2008 performance. According to a September article in the *Financial Times*, Jim Messina, the campaign manager for the Obama re-election, enlisted the help and advice of the top brass at Google, Apple, Facebook and DreamWorks.<sup>106</sup> Messina designed the team's strategy around the campaign's social media platform my.barackobama.com and "big data."<sup>107</sup> The campaign's my.barackobama.com boasts the handicraft of Chris Hughes, one of the founders of Facebook, and works on the same self-propagating model as the hugely successful social networking site (users create their own pages).<sup>108</sup> My.barackobama.com's visitors, both foreign and domestic, can enter their emails to receive campaign solicitation letters and send their friends invitations to do the same.

The Obama campaign couples its email presence with its sophisticated use of the data it has collected on individuals. The *Financial Times* reported that the Obama campaign uses a whole host of personal facts about each voter. Republican strategist Mike Murphy told the *Financial Times* that the Obama campaign knows "if you're a Catholic professional who owns a house and who's registered to vote, and doesn't vote in school board elections but tends to vote in other elections. And if you're married, have three kids and subscribe to a lot of magazines."<sup>109</sup> The Obama campaign makes use of this detailed data and has recently released a phone application that allows Obama supporters to see which of their neighbors are democrats, how old their neighbors are, whether or not the Obama campaign would like their neighbors to receive a door visit from other democrats, and other information. However, no one knows exactly how much the Obama campaign has on each American citizen because the campaign never discloses that information.<sup>110</sup>

106 Richar McGregor, "Inside Obama's HQ," *Financial Times*, September 14, 2012, <http://www.ft.com/intl/cms/s/2/0df7cc4a-fd35-11e1-a4f2-00144feabdc0.html#axzz26Ypbf500>.

107 "Web 2.0 Case Study: Barack Obama's Use of Social Media," *The Global Human Capital Journal*, December 29, 2008, <http://globalhumancapital.org/web-20-case-study-barack-obamas-use-of-social-media/>.

108 Brian Stelter, "The Facebooker Who Friendd Obama," *The New York Times*, July 7, 2008, <http://www.nytimes.com/2008/07/07/technology/07hughes.html?pagewanted=all>.

109 McGregor

110 Ibid.,



## The Obama Campaign's Online Infrastructure

Despite the Obama campaign's level of technological sophistication, the campaign does not use the industry standard CVV feature on its donation pages. This creates a security risk that is compounded by the considerable foreign interest in President Obama's political history, personal story, and views.<sup>111</sup> The main campaign website BarackObama.com receives approximately 43% of its traffic from foreign IP addresses, according to Markosweb.com.<sup>112</sup> Though Americans living abroad no doubt generate some of this interest, the majority is likely from foreign nationals. Though there is nothing inherently wrong with the President's international attention, his donation pages' lack of CVV means that this interest creates significant vulnerabilities for the integrity of the campaign's donation process. The absence of these security protocols is incongruous with the acknowledged technological sophistication of the campaign.

As stated earlier, the Obama campaign relies on an aggressive email presence to solicit donations from people that the campaign has calculated (using its massive amount of data on individuals) to be likely donors. However, foreign citizens report that they regularly receive emails soliciting donations from the campaign, in potential violation of federal campaign law.<sup>113</sup> The FEC, in an advisory opinion, has stated that there is no proscribed method in soliciting federal campaign contributions.<sup>114</sup> The advisory opinion appears to conflict with the plain reading of 2USC-441-E; Subp-A.

One-way foreign citizens receive solicitation letters from the Obama campaign is through my.barackobama.com, the social media platform created in part by Facebook's Chris Hughes. The website has no apparent safeguards to protect itself from foreign citizens participating. According to the Obama campaign, my.barackobama.com currently has produced at least 13.1

<sup>111</sup> Bruce Stokes, "Does the World Want Obama?" Pew Research Center, August 17, 2012, <http://www.pewglobal.org/2012/08/27/does-world-want-romney-or-obama/>.

<sup>112</sup> SmartViper Web Mining Company: SmartViper Website Analytics, Markosweb.com; Because metric sites don't gather separate traffic levels for the donate.barackobama.com or contribute.barackobama.com subdomains, it is unclear how many foreign visitors actually wind up there.

<sup>113</sup> 2USC-441-E; Subp-A: "It shall be unlawful for...a person to solicit, accept, or receive a contribution or donation...from a foreign national" (emphasis added).

<sup>114</sup> FEC Advisory Opinion 2011-13.



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million email addresses for the campaign, each of which receives at least one email a week soliciting a donation.<sup>115</sup> By looking at a random sample of 65,000 links into my.barackobama.com, the Government Accountability Institute found that approximately 20% of the links originated from foreign locations.<sup>116</sup>

The primary purpose of my.barackobama.com is to create a highly personalized vehicle for individuals to "get involved" and to invite others to do the same. The campaign employs various techniques to gather email and other data on the friends and associations of my.barackobama.com's members to further the campaign's fundraising efforts.<sup>117</sup> However, at no point during the subscription process is a visitor asked whether he or she can legally donate to a U.S. election. Once a visitor signs up, he or she immediately begins receiving solicitations for donations. In fact, numerous foreign nationals report receiving solicitation letters and thank you emails from the campaign for their support. Some of these emails have been reposted on blog sites to encourage friends to click on the donate link or get their names on the email list.

### Foreign Nationals and the Obama Campaign

Using a collection of online research tools, the Government Accountability Institute analyzed a portion of the foreign links that lead to the Obama campaign website, my.barackobama.com. The Institute found a wide variety of instances in which apparent foreign nationals either received solicitation emails or posted links to my.barackobama.com. The following are but a sample.

1. In July and August, a Chinese blogger reposts letters he has received from the Obama campaign, each of which contains a solicitation for \$3 or \$5 (note that these smaller donations don't require the campaign to keep any record of them).<sup>118</sup> Markosweb states that

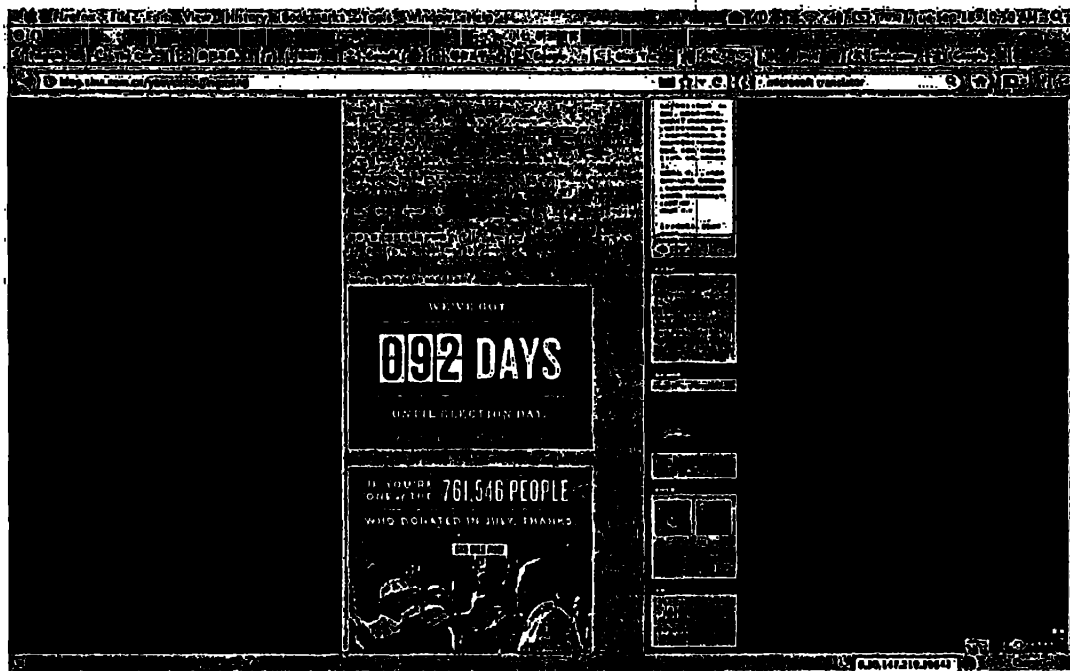
<sup>115</sup> Blue State Digital, "Work: Obama for America," <http://www.bluestatedigital.com/work/case-studies/barack-obama/>.

<sup>116</sup> To guard against repeating the same sites in our sample we selected every 10th site in our database to examine more closely.

<sup>117</sup> If one goes to the Obama campaign's main website and asks to join my.barackobama.com, they are simply asked for a name, email, and zip code/postal code. A user can then send invitations to their friends and associates to visit that user's own particular donation page.

<sup>118</sup> <http://blog.sina.com.cn/yuanyuanhuijgmeng>

87.8% of the traffic flowing to the site comes from China while only 4.5% is from the United States.<sup>119</sup> The website contains hyperlinks that lead to the campaign's donation page. The website also contains graphics showing the disparity between Romney's and the President's fundraising and a countdown clock to the date of the election. Other than the campaign solicitation letters, the website is in Chinese characters.<sup>120</sup>



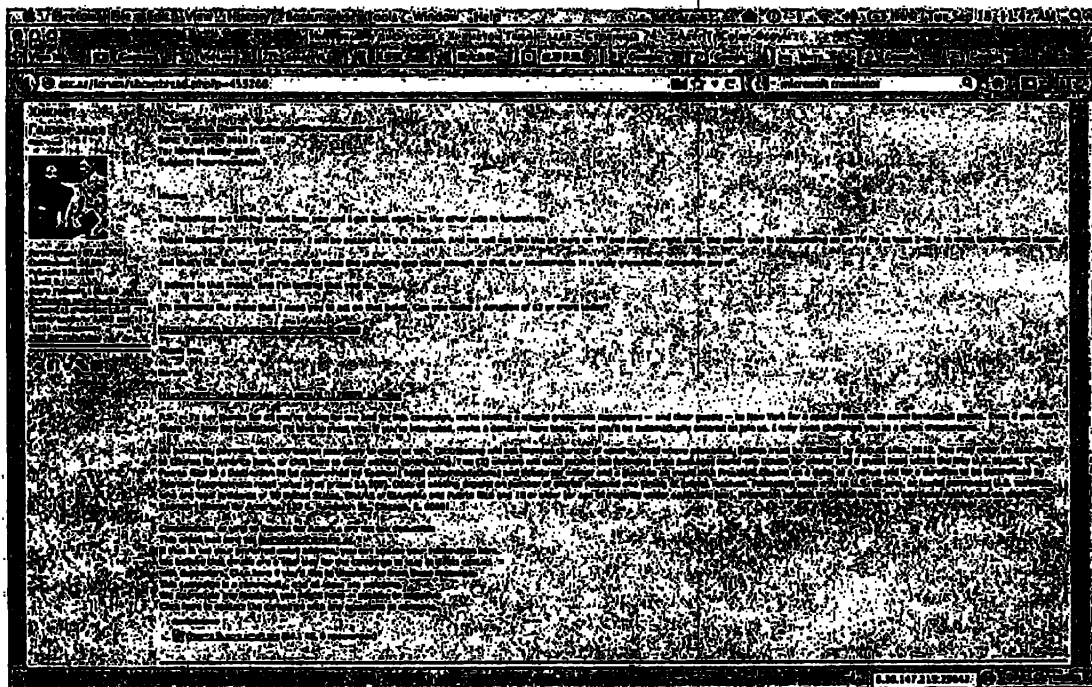
2. On August 9<sup>th</sup>, 2012 the Obama campaign sent a solicitation letter to "Hikemt Hadjy-Zadh," an Azerbaijani citizen. His email address is on an Azerbaijani domain and he posts numerous

<sup>119</sup> <http://www.markosweb.com/www/sina.com/>

<sup>120</sup> This example is one of many of the instances where Chinese individuals repost campaign solicitation letters on their own websites. For more examples from mainland China and Hong Kong, please see: <http://tuzipei.blog.163.com/blog/static/139303005201132952320913/>; [http://zh-tw.facebook.com/barackobama/posts/2043816863060637?comment\\_id=1374238&offset=0&total\\_comments=4792](http://zh-tw.facebook.com/barackobama/posts/2043816863060637?comment_id=1374238&offset=0&total_comments=4792); [http://home.ngen.net/wap/space.php?m\\_id=5674ab592318ecd6dffa1b5fde1dbc30&uid=2931&do=blog&id=19942](http://home.ngen.net/wap/space.php?m_id=5674ab592318ecd6dffa1b5fde1dbc30&uid=2931&do=blog&id=19942); [http://zh-hk.facebook.com/SicveWentily/posts/303944846297428?comment\\_id=4206428&offset=0&total\\_comments=1](http://zh-hk.facebook.com/SicveWentily/posts/303944846297428?comment_id=4206428&offset=0&total_comments=1); <http://tuzipei.blog.163.com/blog/static/139303005201132952320913/>; <http://www.tianya.cn/publicforum/content/stock/1/540030.shtml>



solicitation letters he has received from the Obama campaign. Mr. Hadji-Zadh reposts the complete letters on a discussion forum, including numerous hyperlinks that go directly to the campaign's donation page.



3. A writer in Vietnam writes on a website for the Vietnam Institute for Development Studies (a government-backed think tank) and posts emails he has received from my.barackobama.com with more than 24 total links to the campaign's donate page embedded in the emails. The website is in the Vietnamese language, hosted on a Vietnamese server, and uses a Vietnamese domain address.<sup>121</sup> In one instance, a letter from Mitch Stewart, Director of the Obama campaign's "Organizing for America," asks for donations. Ironically, Stewart laments that the U.S. Chamber of Commerce is reportedly taking money from foreign sources. The reader is then prompted to give his name and email address and thereafter begins receiving solicitation letters for donations.

<sup>121</sup> Vietnam Institute of Development Studies, [http://www.vids.org.vn/vn/asp/News\\_Detail.asp?tabid=1&mid=831&ID=1172](http://www.vids.org.vn/vn/asp/News_Detail.asp?tabid=1&mid=831&ID=1172).





4. A Dutch blogger writing in Dutch on a Dutch website reprints an email from March 22, 2010 in which President Obama thanks his supporters for their help. "You're welcome, Mr. President," he writes back.<sup>122</sup>
5. The Dutch blog "His Dirk" received a donation request from the campaign. Aware of the U.S. law, the blogger decided not to contribute. The blogger observed, "I imagine many non-Americans have money transferred to the Obama campaign. It's just too easy."<sup>123</sup>
6. A member of the Italian Radical Socialist movement and an administrator of their website reposts solicitations from the Obama campaign which he reports receiving regularly for three

123 Dirk Zijn, "Response to Your Message to Senator Obama," *DirkZijn Blog*, December 3, 2007, <http://www.dirkzijn.nl/tag/donation/>; please see screenshot 4 in Appendix D.

years.<sup>124</sup> “And because we are three years in his mailing list...But frankly after 3 years his letters excite me much less...”

7. A Japanese blogger named Isogaya posts a link to the Obama campaign’s donation page.<sup>125</sup> When posting the link, Isogaya notes that an option in giving would be to give a gift card.
8. A Norwegian blogger posts a solicitation from the Obama campaign, including the link to the donate page. When another blogger opines that non-U.S. citizens cannot contribute because of American law, the blogger responds in Norwegian, “I have in practice given money to Obama, I had done it.”<sup>126</sup>
9. A blogger in Egypt who serves on the board of the Union of Arab Bloggers posts the solicitation letters he reports to regularly receive from the Obama campaign.<sup>127</sup> “We as Arabs and Muslims” support the “Democratic party, compared to the Republican Party,” but notes his objection to the President’s stand on gay marriage.

### President Obama and Foreign Nationals in Social Media

The Obama campaign makes extensive use of social media to further its message and to fuel its campaign. However, the fact that the Obama campaign never tempers its aggressive use of social media as a fundraising tool with a clear message that only American citizens can contribute creates enormous opportunities for foreign nationals to insert themselves into the electoral process.

<sup>124</sup> [http://www.radicalsocialismo.it/index.php?option=com\\_fireboard&func=view&catid=4&id=47348&Itemid=209](http://www.radicalsocialismo.it/index.php?option=com_fireboard&func=view&catid=4&id=47348&Itemid=209)

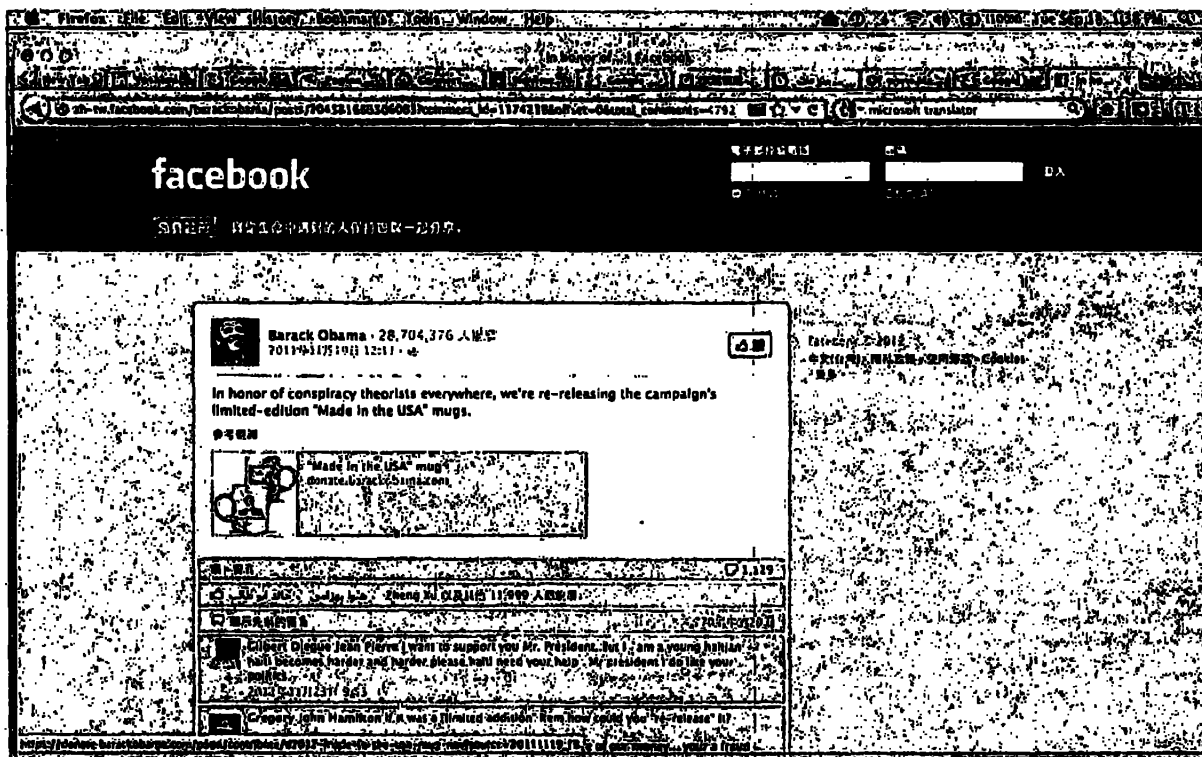
<sup>125</sup> <http://q.hatena.ne.jp/1175726038>

<sup>126</sup> <http://vgd.no/utdebattert/valg-2009/tema/1399676/tittel/e-post-fra-barack>

<sup>127</sup> <http://sonbaty.blogspot.com/2012/09/fwd.html>

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1. The Obama campaign regularly and aggressively posts solicitations for donations and campaign memorabilia on Facebook. The campaign does not make clear in these postings that only U.S. citizens or permanent residents are allowed to contribute. Given Facebook's operational architecture, this can only lead to obvious confusion. For example, here is a recent solicitation posting from the president himself that appear en Taiwanese Facebook (zh-tw.facebook.com).



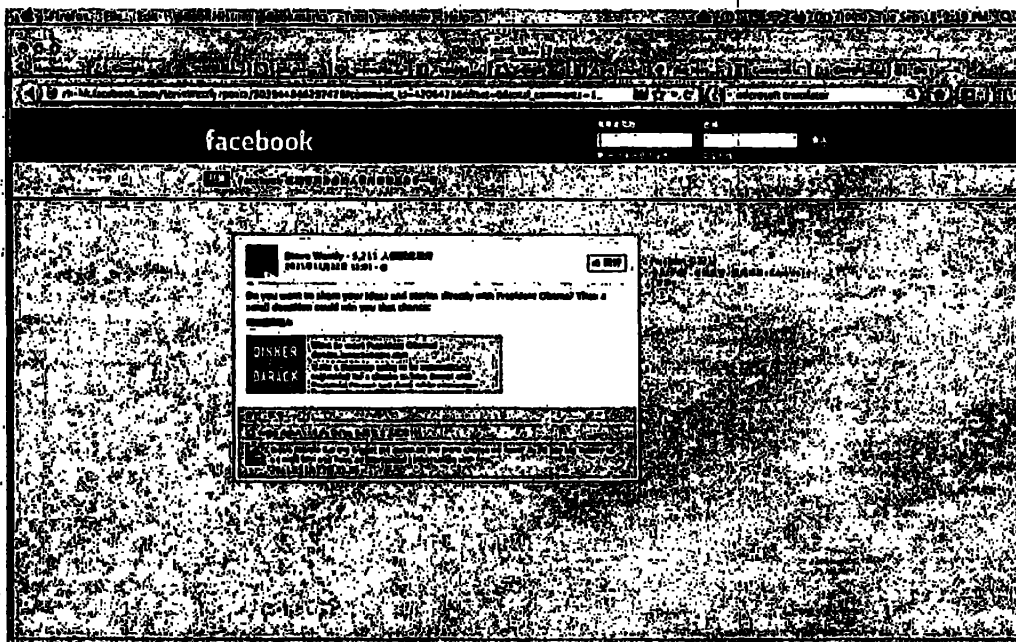
2. The Obama campaign's Gen44 project, a fundraising campaign targeting young professionals, is mirrored on Thai Facebook ([www.thai-facebook.com](http://www.thai-facebook.com)).<sup>128</sup>

<sup>128</sup> [http://th-facbook.com/Gen44/posts/222613071195215?comment\\_id=696008&offset=1&total\\_comments=8](http://th-facbook.com/Gen44/posts/222613071195215?comment_id=696008&offset=1&total_comments=8); GAI found Gen44 on other Facebook sub-domains as well. Italy: <http://it-it.facebook.com/events/155184724574112/?ref=nl>, Japan: <http://ja-jp.facebook.com/Gen44Maine/posts/305992352790025>.



3. Obama Campaign director Jim Messina tweets solicitations for Obama campaign events that appear on a South Korean twitter imitation site.<sup>129</sup>

4. Obama campaign bundler Steve Westly's online solicitations can easily be found on Hong Kong Facebook.<sup>130</sup>

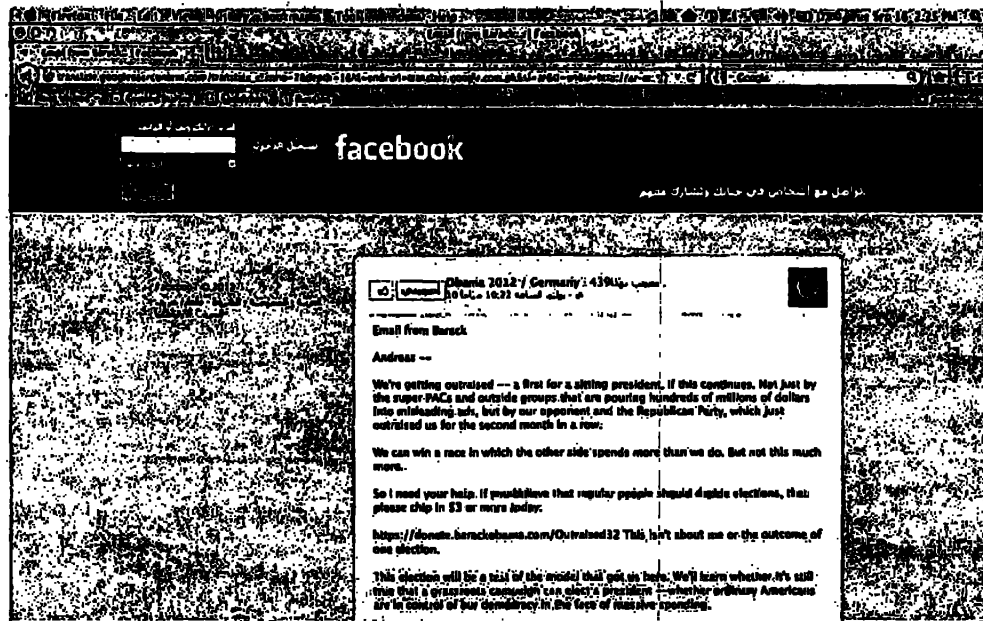


<sup>129</sup> <http://twtr.olleh.com/Messina2012/status/137682871170244608>

<sup>130</sup> [http://zh-hk.facebook.com/SteveWestly/posts/3039448462974287?comment\\_id=4206428&offset=0&tohl\\_comments=1](http://zh-hk.facebook.com/SteveWestly/posts/3039448462974287?comment_id=4206428&offset=0&tohl_comments=1)



5. A campaign solicitation letter is available on Arabic Facebook. <sup>131</sup>



## Obama Technology Team's Use of Industry-Standard Anti-Fraud Credit Card Security Measures

The Obama campaign's failure to use the CVV is quite possibly costing the campaign millions of dollars in additional fees. Recall that card processors charge *higher* transaction fees for campaigns that fail to use the CVV (see page 36). In 2008, the Obama campaign raised more than \$500 million online. Assuming the campaign paid industry standard rates, the campaign would have paid at least an additional \$7.25 million in fees to the banks that it could have avoided if it were to have used the CVV.<sup>132</sup>

<sup>131</sup> [http://translate.googleusercontent.com/translate\\_c?anno=2&depth=1&hl=en&url=http://ar.facebook.com/Obama2012Germany/posts/364082173663446%3Fcomment\\_id%3D3137249%26offset%3D0%26total\\_comments%3D1&usq=ALkJrhfhka\\_xDAv8c7Emq4Z028yGZ0D3Ug](http://translate.googleusercontent.com/translate_c?anno=2&depth=1&hl=en&url=http://ar.facebook.com/Obama2012Germany/posts/364082173663446%3Fcomment_id%3D3137249%26offset%3D0%26total_comments%3D1&usq=ALkJrhfhka_xDAv8c7Emq4Z028yGZ0D3Ug)

<sup>132</sup> The \$7.25 million estimation is based on the difference between industry standard rates for campaigns that use the CVV and AVS and campaigns that don't use either systems. The \$7.25 million figures does not include potential chargeback fees or each transaction's flat fee. GAI calculated this number by subtracting the amount that the campaign would have paid, based on CyberSource's standard rates, if it had used both the CVV and AVS from the amount the campaign paid by not using the CVV ((0362 - .0219) \* \$500,000,000.00); Jose Antonio Vargas, "Obama Raised Half a Billion Online," *The Washington Post*, <http://voices.washingtonpost.com/4/4/2008/11/obama-raised-half-a-billion-on.html>.



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The campaign's decision to not use the CVV is rather curious – their technology experts use it in their other commercial and charitable endeavors. Michael Slaby, the chief integration and innovation officer for the Obama Campaign, sits on the board of Citizen Effect, a charitable organization that largely accepts its donations online.<sup>133</sup> Slaby's college roommate started the charity and Slaby sits on the board.<sup>134</sup> To make charitable donations online to Citizen Effect donors are required to use the CVV.

Harper Reed, the chief technology officer of the Obama campaign, was previously the chief technology officer for Threadless, a successful crowdsourcing T-shirt company.<sup>135</sup> It likewise requires the CVV for financial transactions.<sup>136</sup> This is clear evidence that the Obama campaign's technology experts understand the threat of fraud and the necessity of security for online transactions.

Even more curious is the fact that the Obama campaign sees the benefit of using the CVV in its merchandise shop. To buy official merchandise from the Obama campaign website—a T-

133 Citizen Effect website, About Us, [http://www.citizeneffect.org/about\\_us](http://www.citizeneffect.org/about_us); Andrew Romano, "Yes We Can (Can't We?)," *The Daily Beast*, January 2, 2012, <http://www.thedailybeast.com/newsweek/2012/01/01/mingo-president-obama-re-election-machine.html>.

134 Evision Good website, "Interview with Dan Morrison, Founder of Citizen Effect: The Importance Of A Strong Advisory Board,"

<http://envisiongood.com/part-ii-interview-with-dan-morrison-founder-of-citizen-effect-on-how-to-build-community-through-giving/2010/05>.

135 David Wolinsky, "Why Obama Hired Threadless' Harper Reed as CTO," *NBC Chicago*, <http://www.nbcchicago.com/blogs/inc-well/Why-Obama-Hired-Threadless-Harper-Reed-as-CTO-123095273.html>.

136 Threadless Tees website, "Your Cart," <https://www.threadless.com/cart/step/shipping-info/>.

shirt, hat, hoodie, etc., one is required to input the CVV.

The screenshot shows the checkout page for STORE.BARACKOBAMA.COM. At the top, it says "Checkout with Free Shipping!" and "Edit Your Cart / Continue Shopping". The main form is titled "Billing Information | Edit" and includes sections for "Shipping Information | Edit" and "Payment Information". The payment section contains fields for "Credit Card Number\*", "Expiration Date\*", and "Card Verification Number\*". There is a "What is this?" link and a "Required Fields" note. A "CONTINUE" button is at the bottom right of the form. To the right of the form is a small image of a couple.

The Obama campaign has claimed that it doesn't need the CVV because they are able to vet contributions on the back end using sophisticated techniques that it doesn't disclose.<sup>137</sup> This begs the question: why is it using different techniques when it comes to selling campaign merchandise?

The Obama campaign's vulnerabilities are not difficult to fix. In addition to the CVV and a strong AVS system, the campaign could make use of geo-location on the campaign websites so that if a visitor comes from a foreign IP address, he or she would be alerted of the relevant federal laws and asked for a passport number or military ID in order to proceed to the donation page.

<sup>137</sup> Rick Hasse, "Obama Campaign Responds to Michael Barone on Credit Card Procedures for Fundraising," *Election Law Blog*, <http://electionlawblog.org/?p=33935>.

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## PART V

### The Curious Case of Obama.com

The security vulnerabilities of the Obama campaign are well-illustrated by the privately held Obama.com, a redirect website which sends its largely foreign visitors to a donation page on barackobama.com and loads a unique affiliate number (affiliate number 634930), allowing the campaign to identify the traffic that reaches it through Obama.com.<sup>138</sup>

The fact that Obama.com is not owned or managed by the Obama campaign is a mystery. Obama for America owns 392 different domain names bearing either the President's name or the name of campaign initiatives.<sup>139</sup> It seems logical that Obama.com would be sought after by the campaign. In 2008 an Obama bundler with considerable business ties in China purchased the site. It is currently registered anonymously.

<sup>138</sup> An affiliate number is an identifier that is widely used for tracking web traffic.

<sup>139</sup> [DomainTools.com](http://DomainTools.com), Registration Required.



## Obama.com Traffic

According to Markosweb, which uses data from Google Analytics, approximately 68% of Internet traffic going to Obama.com comes from foreign locations.<sup>140</sup> An examination of the backlinks going to Obama.com reveals that a strong majority is from foreign language or foreign-based websites. These websites do not appear to be catering to American expatriates.

During June and July of 2012, web traffic to the site increased, again with the majority of the traffic coming from overseas. An examination of the traffic generated indicates that most visitors are not coming to the website through search engines but are arriving there by typing in "Obama.com" or by clicking a link to Obama.com.<sup>141</sup>

## History of the Site

In the fall of 2000, Obama.com was a "parked" page owned by small company that sold domain names.<sup>142</sup> The site was in Japanese, most likely because "Obama" means "little beach" in Japanese, and there is also a small town named Obama in the Fukoka province of Japan.

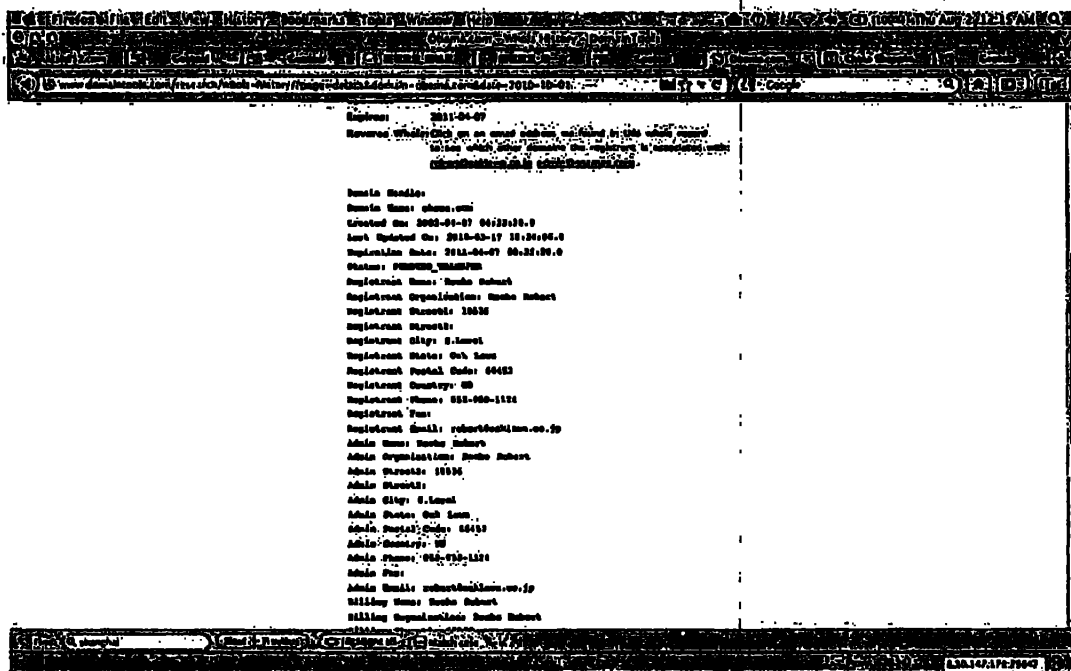
Obama.com changed ownership among several users and was hosted with a major Japanese Internet company specializing in Search Engine Optimization (SEO) and affiliate marketing named Japan Global Media Online. The site remained parked in the Japanese language until the last two weeks of September 2008.<sup>143</sup>

<sup>140</sup> "Donate: You Power This Movement," <http://markosweb.com/www/obama.com/>; last accessed September 4, 2012.

<sup>141</sup> Alexa: The Web Information Company, <http://www.alexa.com/siteinfo/obama.com#>; click the "search analytics" tab to see data.

<sup>142</sup> DomainTools, <http://www.domaintools.com/research/whois-history/?page=results&q=obama.com>, registration required.

<sup>143</sup> Ibid.



In the last week of September 2008, Obama.com was registered to "Roche, Robert."<sup>144</sup> Roche is an American citizen (originally from Chicago) who has spent the bulk of his time since the late 1990s developing business interests in Shanghai. He has considerable business interests in Chinese state-run television and ties to several state-owned Chinese companies.

By October 2, 2008, Obama.com began redirecting all visitors to specific content on my.barackobama.com.<sup>145</sup> Upon arrival to my.barackobama.com, visitors were asked for their name, email, and zip code and presumably were sent solicitation letters, like every other visitor who provides that information to the campaign.

Following President Obama's campaign victory in November 2008, Obama.com redirected visitors to a page selling inauguration merchandise and taking donations for the inauguration celebration.<sup>146</sup> Throughout 2009, the website redirected to pages on the campaign website advocating various presidential initiatives. Starting in late January 2010, Obama.com redirected to a page gathering email addresses and continued to do so through 2011. Sometime

<sup>144</sup> See screenshot number 5 in Appendix D. On October 27, 2008, the administrative email was registered to robert@oaklawn.jp; Oaklawn Marketing is a Japanese infomercial company started by Robert Roche.

<sup>145</sup> Internet Archive: Way Back Machine Beta, <http://wayback.archive.org/web/20090401080000/http://obama.com>.

<sup>146</sup> Ibid.; See Screenshot 6 in Appendix D.



during 2012, the webpage began sending visitors to a donation page on the Obama campaign's website. The campaign's donation page loads an affiliate number to track the traffic and donations coming via the website. It continues to do so today.

On October 4, 2010, Obama.com's site registration was changed from "Roche, Robert" to an anonymous registration with a company called Domains By Proxy, which is owned by GoDaddy.<sup>147</sup> Later, server hosting was changed from Japan Global Media Online to Hostmonster/Bluehost.com, a company based out of Utah.<sup>148</sup>

Administration of the page was taken over by a small company with only four employees listed on its website.<sup>149</sup> Wicked Global, of Waterville, Maine, registered to a 25-year-old former Harvard student named Derek Dorr.<sup>150</sup> Another Dorr, Gregory, is listed as "Lead Marketing" for Wicked Global and lists additional work for himself on LinkedIn: fundraising and program director for Peace Action Maine and as a "private consultant" with Maine Voices for Palestinian Rights.<sup>151</sup> Confirming Wicked Global's association with Obama.com is simple enough. First, the Google Analytics account registered to Obama.com is registered to Wicked Global as well.<sup>152</sup> Second, when someone forces an error on Obama.com they are prompted to contact Wicked Global.<sup>153</sup> Who arranged for Wicked Global to oversee Obama.com, and why that was done is unknown.

It remains unclear whether or not Roche himself continues to own Obama.com. Nevertheless, the site continues to aid the Obama campaign, regardless of ownership.

<sup>147</sup> Several consulting experts have mentioned separately that this is not necessarily indicative of an ownership change. A domain's registration can be changed to private at any time.

<sup>148</sup> <http://www.domaintools.com/research/hosting-history/?q=obama.com>, Registration Required.

<sup>149</sup> Wicked Global, <http://wickedglobal.com/about/team>, last accessed August 25, 2012.

<sup>150</sup> Corporate filing with Maine Secretary of State, no. 20110462D.

<sup>151</sup> Wicked Global, <http://wickedglobal.com/about/team>, last accessed August 25, 2012; Gregory Dorr on LinkedIn, <http://www.linkedin.com/pub/gregory-dorr/30/823/b3>; Maine Voices for Palestinian Rights is an "affiliate" of Peace Action Maine. See <http://www.mvprights.org/>, last accessed on August 25.

<sup>152</sup> This can be verified using free online search tools such as [reverserinternet.com](http://reverserinternet.com/); see for instance <http://reverserinternet.com/domain/obama.com>. As can be seen Wicked Global operates other websites as well and uses the same Google Analytics account for several of them.

<sup>153</sup> Anyone with an Internet connection can type in obama.com and a non-existent file name into their browser in this manner: [www.obama.com/tv](http://www.obama.com/tv). This will cause an error and the following message will appear: "Please contact the server administrator, [webmaster@obama.wickedglobal.com](mailto:webmaster@obama.wickedglobal.com) and inform them of the time the error occurred, and anything you might have done that may have caused the error."

## Robert Roche

In an effort to understand the evolution of Obama.com, the Government Accountability Institute researched Robert Roche's background. Mr. Roche was born in 1962 and grew up in the Chicago suburb of Oak Lawn, Illinois. Roche attended Illinois State University and graduated with a bachelor's degree in Economics and Japanese Studies.<sup>154</sup> He earned a J.D. at Denver University's Sturm College of Law and gave a \$3 million gift to the college in 2010 to establish the Roche Family International Business Transactions Program.<sup>155</sup> In 1983, he traveled to Japan as an exchange student and would return after college to do business.<sup>156</sup>

Roche met his Japanese wife during his time as an exchange student in Japan.<sup>157</sup> After graduation they moved to Japan where Roche taught English and worked in the importing business.<sup>158</sup> In 1993 Mr. Roche founded his first company, Oak Lawn Marketing.<sup>159</sup> Oak Lawn went on to great success, as an infomercial company selling everything from stain removers to vacuum cleaners.

In 1998, Roche cofounded Acorn International, a company registered in the People's Republic of China. The Shanghai based company primarily deals in infomercials, producing commercials selling cell phones, cosmetics, fitness equipment, breast-enhancement products, and other items on Chinese State television.<sup>160</sup> According to Acorn International's prospectus, issued when the company made its public offering of securities in May of 2007, the company had become "the largest TV direct sales operator in China," where it aired infomercials on "four nationwide China Central Television or CCTV, channels, 28 national [state controlled] TV channels, four international satellite channels operating in China and eight local channels."<sup>161</sup>

154 "People: Acorn International Inc (ATV)," Robert Roche's biography, *Reuters*, <http://www.reuters.com/finance/stocks/companyOfficers?symbol=ATV> last accessed August 25, 2012.

155 Roche Bio; See the official press release from the Sturm College of Law, <http://www.law.du.edu/documents/news/roche-du-press-release-dec-9-2010.pdf>.

156 Michael A. Lev, "Japan's King of the Infomercial," *Chicago Tribune*, May 18, 1999, [http://articles.chicagotribune.com/1999-03-18/business/9903180374\\_1\\_infomercials-japanese-businessmen-chicago-cop](http://articles.chicagotribune.com/1999-03-18/business/9903180374_1_infomercials-japanese-businessmen-chicago-cop).

157 Ibid.

158 Tom Dellner, "An Entrepreneur's Tale," *Electronic Retailer Magazine*, August 2009, 44.

159 "Company Overview of Oak Lawn Marketing," *Bloomberg Businessweek*, August 31, 2012, <http://investing.businessweek.com/research/stocks/private/snapshot.asp?privcapId=1542898>.

160 Acorn's [chinaacorn.com](http://chinaacorn.com).

161 Acorn Prospectus, May 2, 2007, Registration no. 333-141860, Securities and Exchange Commission, 1.



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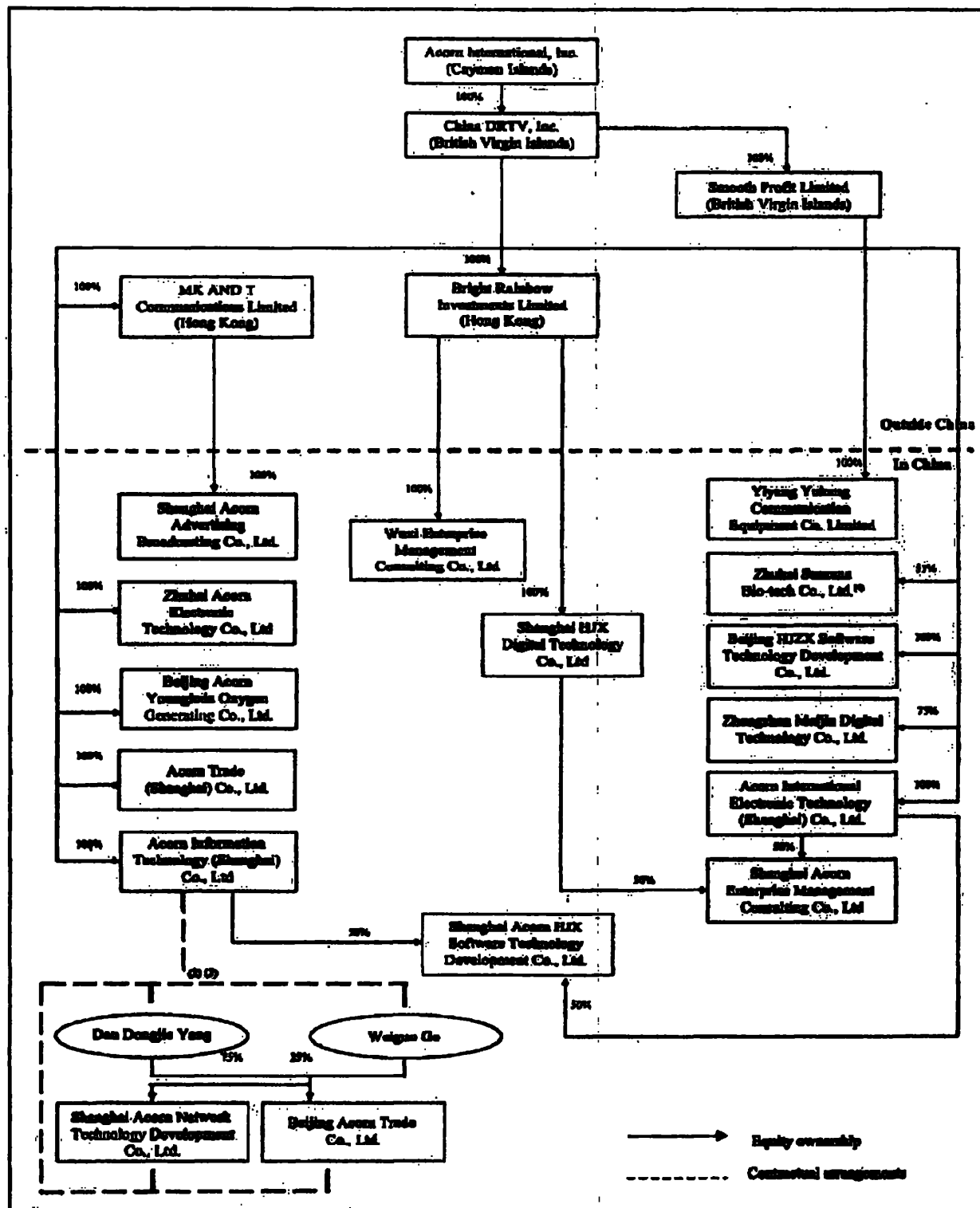
Though Roche remains a U.S. citizen, his operations in China are exclusive to that country. As a result, enforcing judgements or bringing actions in China based on U.S. laws against Acorn International or its officers would be difficult. As Acorn makes clear in company filings, "We conduct all of our operations in China and all of our assets are located in China. In addition, all of our directors and executive officers reside within China. . . . Moreover our PRC legal counsel, Haiwen and Partners, has advised us that the PRC does not have treaties with the United States or many other countries providing for the reciprocal recognition and enforcement of judgment of courts."<sup>162</sup> To "comply with PRC laws imposing restrictions on foreign ownership in direct sales, wholesale distribution and advertising businesses," Acorn's ownership includes Roche and several Chinese citizens. Acorn has licensing agreements with two companies "currently owned by two PRC citizens, Don Dongjie Yang, our president and one of our directors, and David Chenghong He, one of our executive officers." These men "hold the licenses required to operate our direct sales and wholesale distribution business."<sup>163</sup> Acorn continues to use this organizational structure.<sup>164</sup>

<sup>162</sup> Prospectus, 37.

<sup>163</sup> Prospectus; The Chinese government requires investors to qualify through the Chinese government as a "qualified foreign institutional investor." Naomi Rovnick, "Talks on to open up private equity funds; Beijing lobbied to allow foreign firms to invest," *South China Morning Post*, September 22, 2009.

<sup>164</sup> See exhibit for SEC F20-F, <http://www.sec.gov/Archives/edgar/data/1365742/000119312512176144/g304412g85o89.jpg>; Relationship Chart taken from Acorn's 2012 20-F SEC filing, pg.63.





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According to the company's prospectus, it "operate[s] [its] direct sales and advertising businesses in China under a legal regime consisting of the State Council, which is the highest authority of the executive branch of the PRC central government, and several ministries and agencies under its authority..."<sup>165</sup> "Our business depends on our access to TV media time to market our products and services in China," it reports.<sup>166</sup> The prospectus also says that several of the company's Chinese subsidiaries receive tenuous, "preferential tax benefits" from the Chinese government that can be taken away. "PRC law is vague and is subject to discretionary interpretation and enforcement by PRC authorities... Loss of these preferential tax treatments and subsidies could have material and adverse effects on our results of operations and financial conditions."<sup>167</sup> Given the nature of its product and the Chinese business climate, Acorn's business model is wholly dependent on the company having an excellent relationship with the Chinese government.

Acorn's prospectus states that "since commencing [its] operations in 1998, [the company has] formed close and strong relationships with various CCTV and national satellite channels..."<sup>168</sup> As evidence of this strong relationship, Roche's company's legal representation in Beijing is the powerful Haiwen and Partners legal firm, a politically connected Chinese firm started in 1992 that does business exclusively in China. Haiwen does underwriting and legal representation work for many of China's largest state-owned companies, including the Industrial and Commercial Bank of China, China Coal Energy Company, China Construction Bank, China Life Insurance, China Air Limited, etc.<sup>169</sup>

Acorn has signed contractual agreements that allow it to sell the products of several large, state owned or affiliated companies.

- Through a 2006 agreement, Acorn began selling cell-phones and digital cellular services for the Chinese telecommunications giant Unicom.<sup>170</sup> Unicom is one of the largest

<sup>165</sup> Prospectus, p 136.

<sup>166</sup> Ibid.

<sup>167</sup> Prospectus, 34, 35.

<sup>168</sup> Prospectus, 18, 98.

<sup>169</sup> Prospectus, 145; Haiwen and Partners, <http://www.haiwen-law.com/Haiwen%20Brochure%202009E.pdf>.

<sup>170</sup> See Acorn's 12/31/11 Form 20-F filing with the SEC, <http://www.sec.gov/Archives/edgar/data/1365742/000119312512176144/d304412d20f.htm>.



telecommunications providers in China and, like any "strategic industry," is controlled by the state.

- Acorn also sells the mobile phones of the Chinese state-owned telephone company CEC Telecom through a "joint sales agreement."<sup>171</sup>
- In 2008, Acorn International purchased Yiyang Yukang, a cell phone manufacturing company incorporated in China.<sup>172</sup>
- In 2007, Acorn signed a marketing agreement with China Pacific Insurance, a state-owned insurance company, to sell insurance products to the Chinese public.<sup>173</sup>

It is important to keep in mind that even important industries that are listed on foreign stock exchanges remain under direct government control in China. *Financial Times* reporter Richard McGregor notes that for state-owned enterprises, Communist Party meetings are held before corporate board meetings and Party officials make management decisions.<sup>174</sup> He writes that Party "control over personnel appointments has been inviolate."

Telecommunications isn't the only politically sensitive industry in which Acorn does business in China. In the mid-2000s, Acorn began to flounder. According to the company's own SEC filings, it began to open up a new line of business in "third party bank channels." Acorn has ties with "four established domestic [state-controlled] banks through which we directly market products through specialized catalogues to credit card holders at these banks. As of March 31, 2009 we have established relationships with 13 domestic banks."<sup>175</sup> This allowed Acorn to gain revenue through credit card transactions with Chinese banks. Between 2007 and 2010, the revenue stream from that line of business grew 180%.

Many of the current and former senior executives and board members that work with Roche at Acorn come from Chinese state television and other state-run enterprises.

- David Chenghong He, until recently vice-president of Acorn, owns the licenses that allow the

<sup>171</sup> Prospectus, 99, 102.

<sup>172</sup> See Acorn's 12/31/11 Form 20-F filing with the SEC, <http://www.sec.gov/Archives/edgar/data/1365742/000119312512176144/d304412d20f.htm>.

<sup>173</sup> Prospectus, p 97.

<sup>174</sup> Richard McGregor, "The Party: The Secret World of China's Communist Rulers," (New York: Harper Collins, 2010), 49.

<sup>175</sup> See Exhibit 4.27 to Acorn's 12/31/11 Form 20-F filing with the SEC, <http://www.sec.gov/Archives/edgar/data/1365742/000119312512176144/d304412d20f.htm>.





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firm to operate. He was previously vice-president of finance at TVS, a state-owned television company.<sup>176</sup>

- Kevin Guohui Hu, vice-president of Acorn, was general manager of TVS.
- James Yujun Hu, Acorn's CEO and Chairman of the Board, was executive vice-president at TVS.
- Ella Man Lin, vice-president of Acorn, was a manager at TVS.

In 2007, Acorn International issued a public offering of its securities and was listed on the New York Stock Exchange (NYSE).<sup>177</sup> Despite its status as an NYSE company, very little trading of the stock is done. The vast majority of the company's ordinary shares are held by Mr. Roche, trusts controlled by Mr. Roche, and his Chinese partners. The firm has few outside investors, the largest owning one-tenth of 1%.<sup>178</sup>

In 2005 SAIF Partners, headed by Andrew Yan, invested \$43 million in Acorn International.<sup>179</sup> Yan sits on Acorn's board. Yan and his firm are partners with state-owned China Development Bank and China's National Social Security Fund, which are Chinese government institutions.<sup>180</sup> He also sits on the board of other state-owned firms like China Offshore Services Limited, and China Resources Land Ltd.<sup>181</sup> Yan previously worked for the Chinese State Commission for Economic Restructuring of the State Council of the PRC.<sup>182</sup>

Politically, Robert Roche is well-connected and actively contributes to the Democratic Party.<sup>183</sup> He is currently a co-chair of the Technology Initiative for the Obama campaign, an effort designed to raise money from and with the assistance of the Technology and Information industry.<sup>184</sup> He is a past president of the U.S. Chamber of Commerce in Shanghai. In 2008, he

<sup>176</sup> Prospectus, 118-120.

<sup>177</sup> "China's Acorn International IPO priced at \$15.50/ADS," *Reuters*, May 3, 2007, <http://www.reuters.com/article/2007/05/03/acorn-shareoffering-idUSWNA5956420070503>.

<sup>178</sup> Morningstar website, "Acorn International, Inc. ADR ATY," <http://investors.morningstar.com/ownership/shareholders-overview.html?i=ATY&region=USA&culture=en-US>.

<sup>179</sup> Acorn website, "Milestones," <http://ir.chinadty.com/index.php?s=65>.

<sup>180</sup> "SAIF Partners to launch RMB fund with CDB, NSSF," May 30, 2011, [Chinaknowledge.com](http://www.chinaknowledge.com).

<sup>181</sup> Wing-Gar Cheng, "China Oilfield Considers Selling Shares in China (Update5), December 19, 2006, *Bloomberg*, <http://www.bloomberg.com/apps/news?pid=newsarchive&sid=aZfjWk4ywU9l&refer=asia> <http://www.businessweek.com/news/2012-08-02/china-developers-fall-on-property-curb-concern-shanghai-mover>.

<sup>182</sup> <http://www.sbaif.com/people/andrew-y-yan>

<sup>183</sup> Open Secrets, [Opensecrets.org](http://Opensecrets.org).

<sup>184</sup> Anupama Narayanswamy, "Big donors to Democratic super PACs visited White House," <http://reporting.sunlightfoundation.com/2012/big-donors-democratic-super-pacs-visited-white-house/>.

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bundled for Obama and has committed to bundle \$500,000 for the Obama campaign in 2012. As of August, Roche has bundled over \$384,000.<sup>185</sup> In the wake of 2008, Roche was appointed by President Obama to the U.S. Trade Advisory Board for China. He has contributed \$100,000 thus far to the pro-Obama "Super PAC" Priorities USA.

Roche has high-level access to the executive branch and visits the White House regularly. According to White House Visitors Log, Roche made nineteen visits since 2009, although he lives in China.<sup>186</sup> His visits have included:

1. 12/21/2009: Private visit with President Obama in the Oval Office.
2. 7/1/2009: Meeting with Catherine M Whitney, Executive Assistant to the Council of the President, in the West Wing.
3. 7/27/2010: Meeting with Kristen J Sheehy, Deputy Chief of Staff, in the West Wing
4. 9/27/2010: Meeting with John Holdren, Assistant to the President for Science, in the New Executive Office Building.
5. 9/20/2011: Meeting with Pete Rouse, Assistant to the President, in the West Wing.
6. 2/17/2011, 6/24/2011: Meetings with then White House Chief of Staff William Daley, in the West Wing.

The following page contains a diagram showing the most basic level of relationships between Mr. Roche, his Chinese business interests, and the Obama White House.<sup>187</sup>

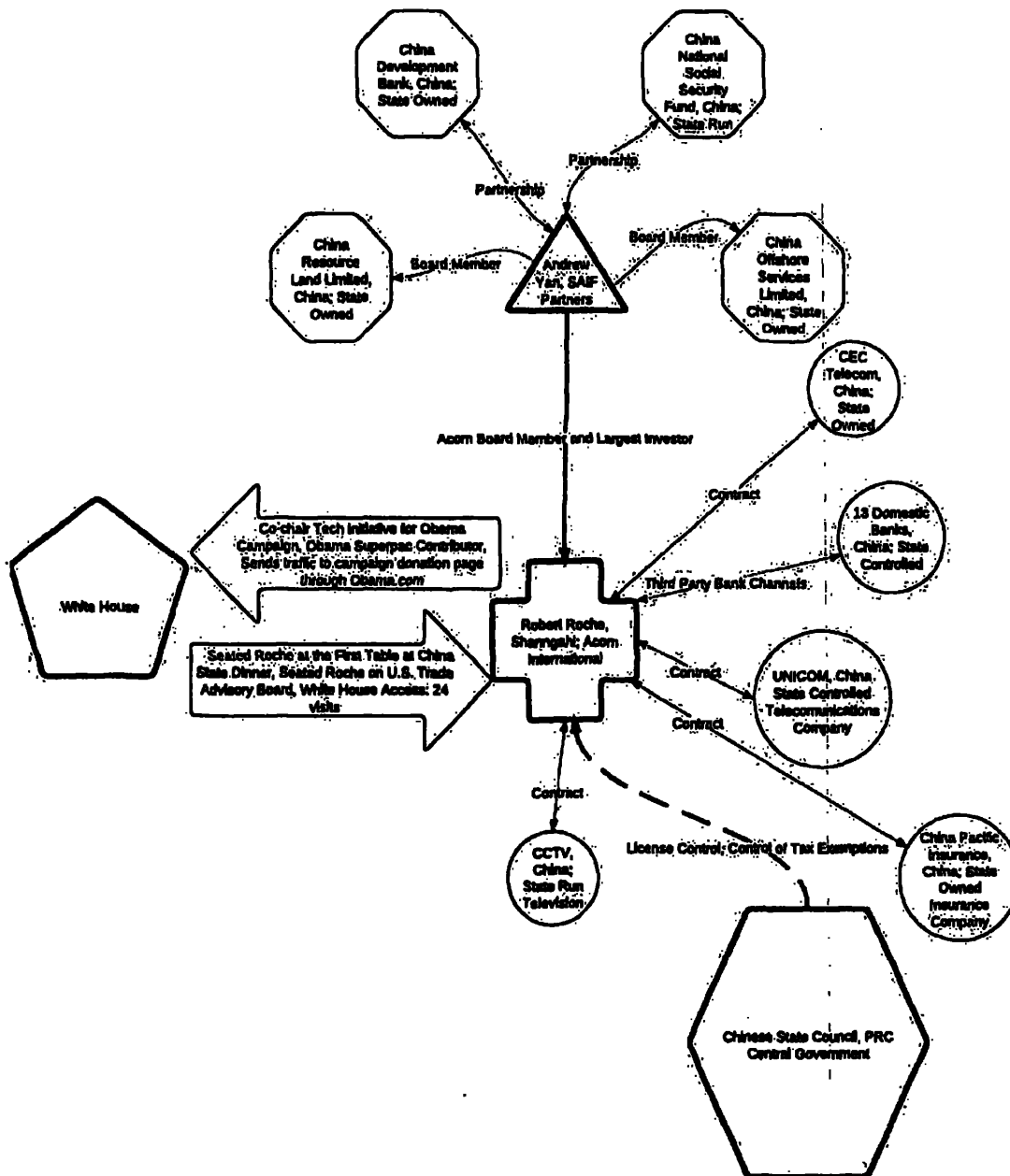
<sup>185</sup> "Obama's Top Fund-Raisers," The New York Times, September 13, 2012,

<http://www.nytimes.com/interactive/2012/09/13/us/politics/obamas-top-fund-raisers.html>

<sup>186</sup> "White House Visitors Database," WP Politics, <http://apps.washingtonpost.com/svc/politics/white-house-visitors-log/searchResults?query=Robert%20Roche&ignoreTours=true>.

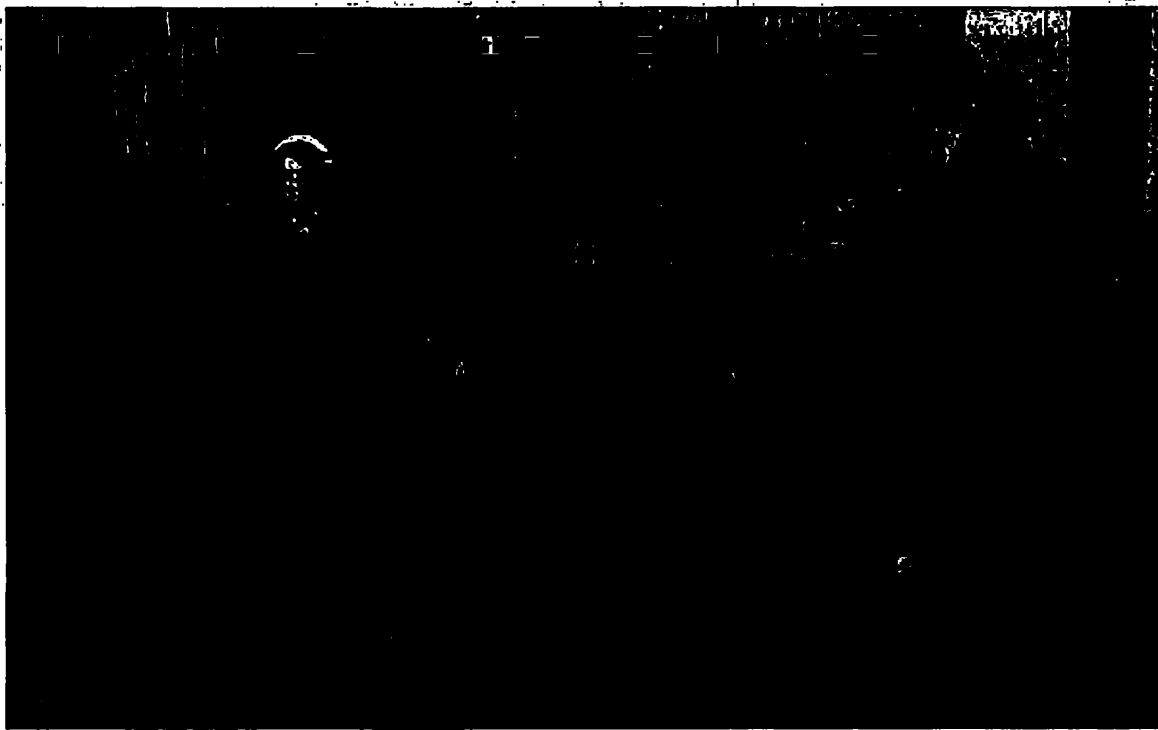
<sup>187</sup> SEC's Edgar, <http://www.sec.gov/search/search.htm>; White House Visitor Access Records, <http://www.whitehouse.gov/briefing-room/disclosures/visitor-records>





## A Seat of Power

Roche's pull and status in both Beijing and Washington is evident from the seating arrangements at the 2011 State Dinner for Chinese President Hu Jintao at the White House. In addition to President Obama and the First Lady, the head table where Roche was seated also included Secretary of State Hillary Clinton, former President Bill Clinton, Senate Foreign Relations Committee Chairman Senator John Kerry and his wife Teresa Heinz Kerry, former President Jimmy Carter and former First Lady Rosalynn Carter, and then White House Chief of Staff William Daley.<sup>188</sup> Obviously, any corporate executive would prize sitting at the table. The only corporate executives seated at the head table were General Electric's CEO Jeffrey Immelt, Coca-Cola Chairman and CEO Muhtar Kent, and Robert Roche.



Those in attendance who failed to get such a prestigious seat include Goldman Sachs CEO Lloyd Blankfein, Treasury Secretary Timothy Geithner, former Secretary of Commerce

<sup>188</sup> "Hu comes to Washington (Jan. 18 to 21): Seating Arrangement at Chinese State Dinner," *Washington Post*, January 19, 2011, <http://www.washingtonpost.com/wp-dyn/content/article/2011/01/19/AR2011011906290.html>.

and current Ambassador to China Gary Locke, former Secretary of State Henry Kissinger, JP Morgan CEO Jamie Dimon, CEO of Disney Robert Iger, Microsoft CEO Steve Ballmer, Mr. W. Boeing CEO James McNerney, President and CEO of Intel Paul Otellini, etc.<sup>189</sup> How Roche, a businessman running infomercials on Chinese State Television, ended up at the table is puzzling.

PRES. CLINTON	
WANG QI SHAN	LING JIHUA
HILLARY CLINTON	MAYOR DALEY
ROBERT ROCHE	ROBERTA WONG
ANDREA BAMELT	SEN. KERRY
POTUS	JEFF BAMELT
PRES. HU JINTAO	ROSALYN CARTER
PLOTUS	R.D. WONG
MUHTAR KENT	TERESA HEINZ KERRY
MAGGIE DALEY	WANG HUNING
PRES. CARTER	

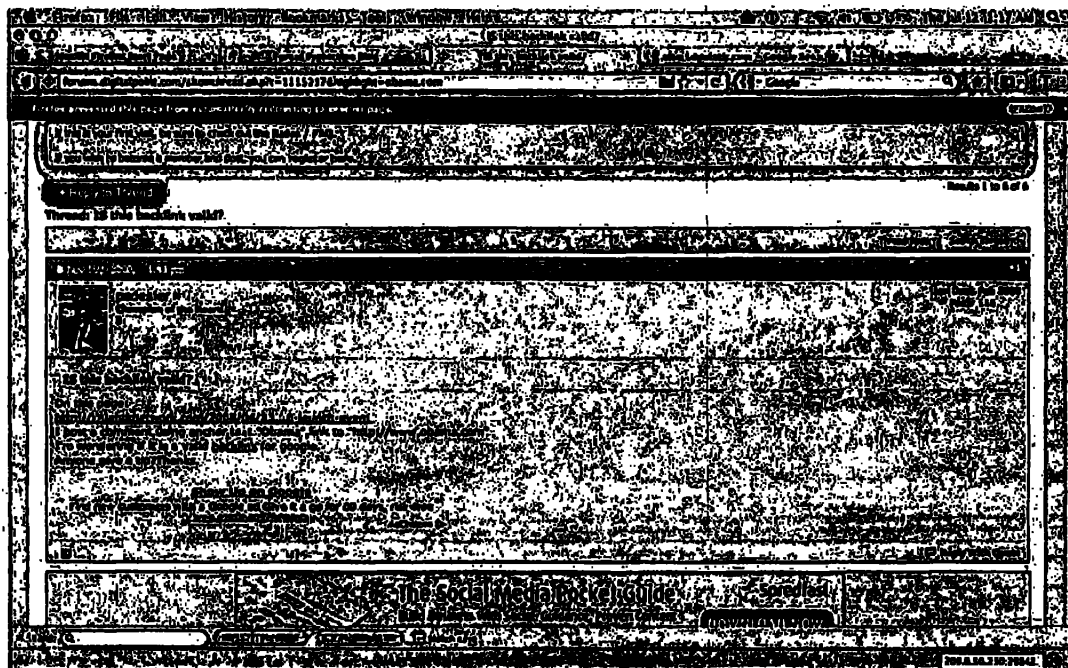
<sup>189</sup> The Reliable Source, "Guest List for Chinese State Dinner," *The Washington Post*, January 19, 2011.  
<http://voices.washingtonpost.com/reliable-source/2011/01/expected-attendees-at-the-stat.html>.



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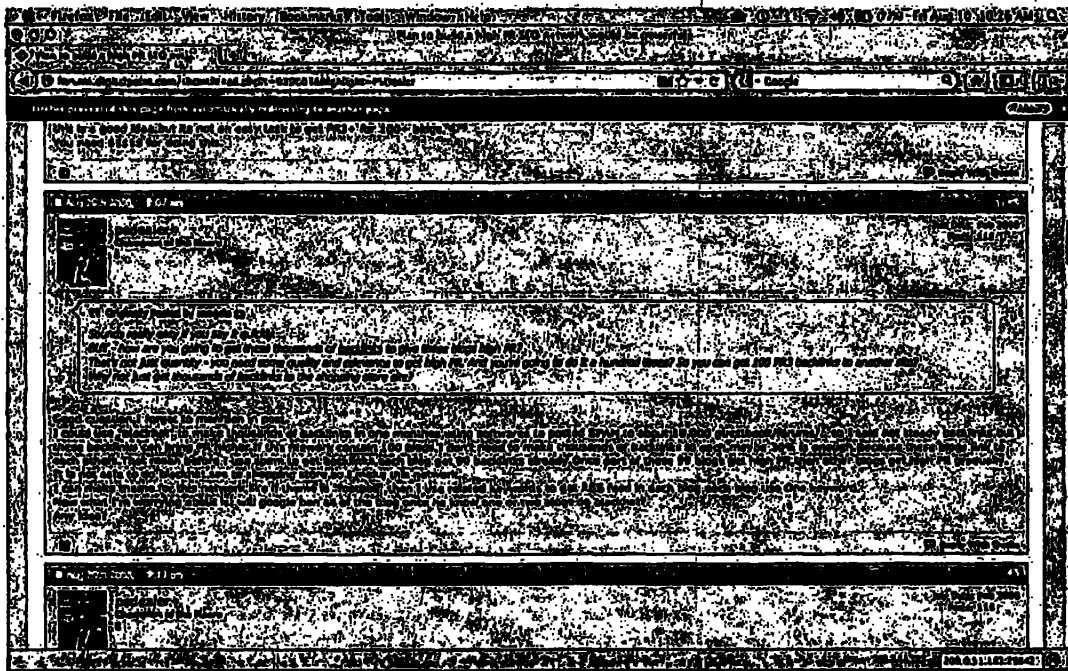
## Examples of Foreign Links to Obama.com

There are numerous links to Obama.com that have been placed on foreign websites. Some are probably mistakes; others might be efforts by foreign webmasters to capitalize on the Obama name and increase traffic to their own sites. But for other links, the motivation is unclear. These were the majority of the links uncovered by the investigation. Below is an example from a commentator, "Psdealer" writing about posting links to Obama.com. In separate threads, Psdealer goes on to describe his questionable strategy for increasing the search engine ranks of the websites to which he links.<sup>190</sup>



<sup>190</sup> See Screenshot 7 in Appendix section D.





The Government Accountability Institute found numerous links to Obama.com on foreign blog sites and forum boards. These links increase the probability that foreign nationals will try to donate to the Obama campaign, a campaign whose online security tools are lacking.

1. A Chinese gaming site features comments where an anonymous contributor has posted 860 comments and lists Obama.com as his profile homepage. Because it is listed as his homepage, anytime he posts a comment on the gaming site, it will create another link.<sup>191</sup> This poster was active on the forum from summer 2009 until at least November 15, 2011.
2. On a South African website in 2009, a commentator named Phillipa Lipinsky has her name hyperlinked to Obama.com.<sup>192</sup> This might be a mistake, but the same commentator with the

<sup>191</sup> See Screenshot 8 in Appendix D.

<sup>192</sup> Charlene Smith, "Every 26 seconds in SA a woman gets raped, it was my turn last Thursday night," *Thought Leader*, November 24, 2009, <http://www.thoughtleader.co.za/charlene-smith/2009/11/24/every-26-seconds-in-sa-a-woman-gets-raped-it-was-my-turn-last-thursday-night/>.

same hyperlink shows up at other times as well.<sup>193</sup> Indeed, there are more than fifty comments from "Phillipa Lipinsky" that hyperlink to Obama.com.

3. A comment poster named "Barack" makes numerous posts on a Brazilian site.<sup>194</sup> The hyperlink on his name leads traffic to Obamn.com. Barack also appears in five posts in Portuguese on another Brazilian site.<sup>195</sup> Barack makes another appearance on a Spanish language site where his name continues to link to Obama.com. There are thirty-seven comments from him that day, and many appear to be automated.<sup>196</sup>
4. A Romanian website, covering Romanian military issues, includes commenters that link to Obama.com.<sup>197</sup> There are more than a dozen comments with links.
5. A Pakistani blog includes blog comments by an "Obama" which links to Obama.com.<sup>198</sup>
6. A commenter named Titus Jacob uses the link Obama.com as their identifying link. It appears on a Swedish server.<sup>199</sup> Many of his comments appear to be robo-comments, generated randomly without regard for the context of the webpage and similar to the SEO practices to which Psdealer referred.
7. Another Chinese website's forum has user "- \_\_\_ -" using his signature as a backlink to Obama.com. The same exact technique is used at another Chinese website as well.<sup>200</sup>

193 The Sumo, "Dinner with Dandala," *Thought Leader*, April 20, 2009, <http://www.thoughtleader.co.za/thesumo/2009/04/20/dinner-with-mvume-dandala/>; See Screenshot 9 in Appendix D; "public utility vehicle pasahero," March 9, 2009, <http://puvpassahero.blogspot.com/>.

194 Cbongas, <http://www.cbongas.com.br/2009/01/quadrinho-pensamento-masculino/?replytocom=19416>; See Screenshot 10 in Appendix D.

195 Fred Burle no Cinema, <http://www.fredburlenocinema.com/2009/12/atividade-paranormal.html?showComment=1259996616607>.

196 Blog Comment Poster: The Little Tool for Big Results, <http://www.post-comments.com/>, is an example of such software.

197 "InfoMondo Militar: You are in the army now!" <http://militar.infomondo.ro/opinii/umilirea-armatei-nationale-scrisoare-deschisa-catre-viitorul-prosedinto-el-romanici-adresata-de-generalul-maior-r-iordachie-olaru.html/comment-page-1>; See Screenshot 11 in Appendix D.

198 "What is Mutta or Muttah by Shia," *shia celebrates muttah or mutta on eid ghadeer or ghadir*, April 10, 2009, <http://shia-mutta-muttah.blogspot.com/2009/04/what-is-mutta-or-muttah-by-shia.html?showComment=1239366120000>; See Screenshot 12 in Appendix D.

199 "Sata tells conference climate change delegates that whiskey pollutes the environment," *Zambian Watchdog*, June 21, 2012, <http://www.zambianwatchdog.com/2012/06/21/sata-tells-climate-change-conference-delegates-that-whiskey-pollutes-environment/comment-page-2>.

200 Q+ Web, <http://cid.tenent.com/?p=4740>



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## PART VI

### Recommendations and Conclusion

Federal law has lagged behind the technological advancements and realities of the Internet age. Current federal law prohibits soliciting foreign nationals for campaign contributions. But campaigns can, and often do, aggressively solicit donations around the world. This occurs while these same campaigns are not required by FEC regulation to meet any anti-fraud requirements for online donations. This allows for foreign contributions to American political campaigns. Indeed, the anonymity and global reach afforded by the Internet would make it simpler for foreign actors, a group which has historically been interested in influencing U.S. elections, to contribute to donate to U.S. campaigns.

Political campaigns have little incentive to police themselves. Indeed, campaigns have the potential motivation to look the other way from the less obvious fraudulent donations. The Government Accountability Institute calls on the FEC to mandate the following reforms of federal candidates. Until the FEC makes these reforms, political campaigns should voluntarily implement the following recommendations:

1. All campaigns must employ industry standard security tools on their websites to guard against fraudulent donations, specifically the CVV and AVS. AVS should be implemented to require address information be present and valid for all transactions. While not fool proof, these industry standard measures have proven to greatly reduce fraud.
2. All campaigns must employ the use of geo-location. Internet visitors with foreign IP addresses must be required to provide proof of eligibility before they can proceed to the donate page.
3. Greater transparency is essential. In an era when robo-donations present a real threat to the integrity of our campaign finance system, relics of the distant past, the "Pass-the-Hat"



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Rule and the \$200 threshold for full disclosure, should be totally dissolved for online donations. This would not significantly increase the burden on the campaigns as they already collect the identifying information of their donors through the use of sophisticated technology.

4. All campaigns must retain the IP addresses for all their online donors and make those IP addresses, along with the pertinent donor information, available to the FEC for audit if fraud is suspected.

In conclusion, these reforms will provide a firm foundation upon which to strengthen the integrity of our elections, a common concern for all political parties and for all Americans. Transparency is central to good government and accountability, and transparency in campaign financing is an essential part of ensuring that the government is run by candidates who are funded and elected by those they are meant to serve: American citizens.



## APPENDIX A: *Basic Structure of a Credit Card Transaction*

The basic premise behind using credit cards online is that they make it unnecessary for the payer and payee to deal with each other face-to-face. This convenience depends on the payer's ability to adequately identify themselves and their credit card account to the bank that will receive the payment on behalf of the payee. The first six digits of the credit card number identify the issuing bank, which denotes the credit card network to which the number belongs.<sup>201</sup> By manually entering the card number, the name on the card, and the address on file for the card, the payer provides all the information necessary to complete the transaction.

As in any transaction, time is money and opportunities for fraud exist. Both parties are trying to balance due diligence and speed. This delicate balance has created a large network of service providers to perform online transactions. However, it is important to note that this infrastructure was devised to deal with transactions in which a purchaser receives a product or service in exchange for his or her money. *In campaign fraud, the donors have no desire to receive any tangible good or service in return.*

<sup>201</sup> Jeremy M. Simon, "What are those numbers on my credit card? Those 16 digits all have meaning," September 6, 2006, <http://www.creditcards.com/credit-card-news/credit-card-appearance-1268.php>.



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**APPENDIX B: Members of Congress With & Without CVV Anti-Fraud Credit Card Security Protection**

CVV Off - 211 (47.3%)			
OFFICE	LAST NAME	FIRST NAME	ST
Rep.	Alexander	Robyn	LA
Rep.	Amodeo	Mark	NV
Rep.	Andrews	Robert	ND
Rep.	Anastasi	Steve	OH
Senator	Ayotte	Kelly	NH
Rep.	Baldwin	Tammy	WI
Rep.	Barber	Ron	AZ
Rep.	Barrow	John	GA
Rep.	Bartlett	Roscoe	MD
Rep.	Bass	Kenn	CA
Senator	Begich	Mark	AK
Rep.	Bewick	Dan	MI
Rep.	Berkley	Shelley	NV
Rep.	Berman	Howard	CA

CVV On - 235 (52.7%)			
OFFICE	LAST NAME	FIRST NAME	ST
Rep.	Adams	Sandy	FL
Rep.	Akin	Todd	MO
Rep.	Amash	Justin	MI
Rep.	Baca	Joe	CA
Rep.	Bachmann	Michele	MN
Rep.	Bachus	Spencer	AL
Rep.	Barletta	Lou	PA
Rep.	Barton	Joe	TX
Rep.	Bass	Charles	NH
Rep.	Becerra	Xavier	CA
Senator	Bennet	Michael	CO
Rep.	Berg	Rick	ND
Rep.	Biggert	Judy	IL
Rep.	Bilirakis	Gus	FL



Rep.	Billings	Howard	CA
Rep.	Black	Timothy	NY
Rep.	Blackburn	Samuel	GA
Rep.	Blumenthal	Earl	OR
Senator	Bonamici	John	AR
Rep.	Bonham	Edward	VA
Rep.	Bonham	Robert	PA
Rep.	Bonham	Bruce	IA
Rep.	Bonham	Paul	GA
Rep.	Bonham	Conrad	FL
Rep.	Bonham	Ann Marie	NY
Rep.	Bonham	G. K.	NC
Rep.	Bonham	Dave	MI
Rep.	Bonham	Edna	LA
Rep.	Bonham	Memo	WA
Rep.	Bonham	Lois	CA
Rep.	Bonham	Russ	MO
Rep.	Bonham	Tom	IN
Rep.	Bonham	Bob	PA
Rep.	Bonham	Ben	KS

Rep.	Bishop	Rob	UT
Rep.	Black	Diane	TN
Rep.	Blackburn	Marsha	TN
Senator	Blumenthal	Richard	CT
Senator	Blum	Ray	MO
Rep.	Bochner	John	OH
Rep.	Bonamici	Suzanne	OR
Rep.	Bonner	Jo	AL
Rep.	Bono Mack	Mary	CA
Senator	Boxer	Barbara	CA
Rep.	Brady	Karen	TX
Rep.	Brooks	Mo	AL
Senator	Brown	Scott	MA
Senator	Brown	Sherron	OH
Rep.	Buchanan	Vernon	FL
Rep.	Buchanan	Larry	IN
Rep.	Burgess	Michael	TX
Senator	Burr	Richard	NE
Rep.	Calvert	Kase	CA
Rep.	Cannizzo	Francisco	TX



Rep.	Clay	Andy	CA
Rep.	Coalhouse	David	RI
Rep.	Clark	Victor	NY
Rep.	Clay Jr.	William	MO
Rep.	Cleaver	Emmanuel	MO
Rep.	Cleburn	James	SC
Rep.	Coble	Howard	NC
Rep.	Cohen	Steve	IN
Rep.	Connelly	Gerald	VA
Rep.	Conyers Jr.	John	MI
Senator	Coons	Chris	DE
Rep.	Costa	Jim	CA
Rep.	Courtney	Joe	CT
Rep.	Crenshaw	Andre	FL
Rep.	Critz	Mark	PA
Rep.	Crowley	Joseph	NV
Rep.	Cuellar	Henry	TX
Rep.	Culberson	John	TX
Rep.	Cummings	Elise	MD
Rep.	Davis	Sevan	CA

Rep.	Cantor	Eric	VA
Rep.	Capito	Shelley	WV
Rep.	Capomano	Michael	MA
Senator	Cardin	Ben	MD
Rep.	Carney	John	DE
Rep.	Carson	Andre	IN
Rep.	Carter	John	TX
Rep.	Cassidy	Bill	LA
Rep.	Castor	Kathy	FL
Rep.	Chabot	Steve	OH
Rep.	Chafeetz	Jason	CT
Rep.	Clarke	Hansen	MI
Senator	Coons	Dan	DE
Rep.	Coffman	Mike	CO
Rep.	Cole	Tom	OK
Rep.	Conaway	Mike	TX
Rep.	Cooper	John	TN
Senator	Cortez	Bob	PA
Senator	Coryne	John	TX
Senator	Crapo	Mike	ID



Rep.	DeLoach	Phyllis	MD
Rep.	DeLoach	Jeff	CA
Rep.	DeLoach	Scott	TN
Rep.	DeLoach	Paul	FL
Rep.	DeLoach	Mark	FL
Rep.	DeLoach	John	MI
Rep.	DeLoach	Floyd	TX
Rep.	DeLoach	Joe	IN
Rep.	DeLoach	Mike	PA
Rep.	DeLoach	Jeff	SC
Senator	DeLoach	Dick	IL
Rep.	DeLoach	Donna	NH
Rep.	DeLoach	Keith	MI
Rep.	DeLoach	Jo Ann	MO
Rep.	DeLoach	Anna	CA
Rep.	DeLoach	Chaka	PA
Senator	DeLoach	Dianne	CA
Rep.	DeLoach	John	LA
Rep.	DeLoach	J. Randy	VA
Rep.	DeLoach	Marcia	OH

Rep.	Cravack	Chip	MD
Rep.	Crawford	Rick	AR
Rep.	DeLoach	Diana	CO
Rep.	DeLauro	Ross	CT
Senator	DeVitt	James	SC
Rep.	Dold	Robert	IL
Rep.	Duffy	Sean	WI
Rep.	Ellenors	Ronan	NC
Rep.	Forenthold	Blake	TX
Rep.	Farr	Sara	CA
Rep.	Fischer	Steve	IN
Rep.	Fispatrick	William	PA
Rep.	Flake	Jeff	AZ
Rep.	Fleischmann	Chuck	TN
Rep.	Flores	Bill	TX
Rep.	Forenthold	Jeff	NC
Rep.	Fox	Virginia	NC
Senator	Franklin	Al	MD
Rep.	Franklin	Tina	AZ
Rep.	Franklin	Rodney	MI



State	Representative	Address	State
Rep.	Clarkson	Cory	CO
Rep.	Garrett	Scott	NJ
Rep.	Champer	Ray	TX
Senator	Crossley	Clack	IA
Rep.	Crawley	Tom	GA
Rep.	Cullen	Glenn	TX
Rep.	Cynthia	Raul	AZ
Rep.	Gunn	Frank	NH
Senator	Hoyas	Ray	NC
Rep.	Miller	Janece	CA
Rep.	Hanabusa	Colleen	HI
Senator	Harkin	Tom	IA
Rep.	Hersbach	Martin	ND
Rep.	Hertel	Wally	CA
Rep.	Hines	Jim	CT
Rep.	Hingorani	Ruben	TX
Rep.	Hirono	Mauro	HI
Rep.	Hoeffel	Kathleen	PA
Rep.	Holt	Rush	ND

Rep.	Gerlach	Jim	PA
Rep.	Gibbs	Bob	OH
Rep.	Gibson	Chris	NY
Senator	Gillibrand	Kirsten	NY
Rep.	Gingrey	Phil	GA
Rep.	Graham Jr.	James	TX
Rep.	Gouldarte	Bob	VA
Rep.	Grosser	Paul	NE
Rep.	Gunnedy	Greg	NC
Senator	Graham	Lindsay	SC
Rep.	Gonzales	Sam	MO
Rep.	Griffin	Tim	AR
Rep.	Guthrie	Mark	WA
Rep.	Grover	Michael	NY
Rep.	Hall	Ralph	TX
Rep.	Hansen	Richard	ND
Rep.	Hargrove	George	MS
Rep.	Harris	Andy	MD
Rep.	Hartshorn	Victor	MO
Rep.	Hastings	Alvin	IL





Rep.	Hastings	Doc	WA
Rep.	Hays	Steve	ND
Rep.	Hackman	Tim	KS
Rep.	Hanzl	Bill	MI
Rep.	Hawes	Duncan	CA
Rep.	Healey	Daniel	HI
Rep.	Hickson	Johnny	GA
Rep.	Irish	Steve	NY
Rep.	Johnson	Mark	GA
Rep.	Johnson	Eddie Bernice	TX
Rep.	Jones	Walter	NY
Rep.	Kaplan	Marcy	OH
Rep.	Kerry	John	MA
Rep.	Kind	Ron	WA
Rep.	Kline	Pete	NY
Rep.	Kington	Jack	GA
Rep.	Kissel	Fatty	NC
Rep.	Korman	Raul	ID
Rep.	Landrum	Doug	OH

Rep.	Hastings	Doc	WA
Senator	Hatch	Orin	UT
Rep.	Haworth	Nan	NY
Rep.	Heck	Joe	NV
Senator	Heller	Dean	NV
Rep.	Hemmerling	Job	TX
Rep.	Herrera	James	WA
Rep.	Hickler	Brian	NV
Rep.	Huligan	Randy	IL
Rep.	Hunt	Robert	VA
Senator	Inhofe	James	OK
Rep.	Iowa	Durrell	CA
Rep.	Jackson Jr	James	IL
Rep.	Jackson	Clayton	KS
Rep.	Johnson	Bill	MD
Rep.	Johnson	Steve	TX
Senator	Johnson	Ron	OH
Rep.	Jordan	James	OH
Rep.	Kearney	Bill	NE



Rep.	Washington	John	RI
Rep.	Waters	John	CT
Rep.	LaTourette	Steven	OH
Senator	Lautenberg	Frank	NJ
Senator	Leahy	Patrick	VT
Rep.	Leahy	Barbara	CA
Rep.	Levin	Samuel	MI
Rep.	Loebach	David	IA
Rep.	Lujan	Ben	NM
Rep.	Lummis	Cynthia	WY
Rep.	Longren	Dan	CA
Rep.	Lynch	Stephen	MA
Senator	Manchin	Joe	WV
Rep.	Marchant	Kenay	TX
Rep.	Markey	Edward	MA
Rep.	Matheson	Jim	UT
Rep.	Maths	Doris	CA
Rep.	McCollum	Betty	MI
Rep.	McGowan	James	MA
Rep.	McIntyre	Abbie	NY

Rep.	Kelly	Mike	PA
Rep.	King	Steven A	LA
Rep.	Kinzinger	Adam	IL
Rep.	Kline	John	WV
Rep.	Lance	Leonard	NJ
Rep.	Landry	Jeff	LA
Rep.	Lankford	James	OK
Rep.	Larson	Rick	WA
Rep.	Latham	Tom	IA
Rep.	Latta	Robert	OH
Senator	Lee	Mike	UT
Rep.	Lewis	John	CA
Rep.	Lipinski	Dan	IL
Rep.	Lofgren	Frank	CA
Rep.	Long	Duffy	MO
Rep.	Losey	Mike	NY
Rep.	Lujan	Frank	OK
Rep.	Luetkemeyer	Blaine	MO
Rep.	Macack	Charles	NY
Rep.	Macdonald	Stephen	NY



Rep.	McCarthy	James	CA
Rep.	Meeks	Gregory	NY
Senator	Menendez	Jeff	OR
Rep.	Michaud	Mike	ME
Rep.	Miller	George	CA
Rep.	Moore	Gwen	WI
Rep.	Moran	Jim	VA
Rep.	Murphy	Christopher	CT
Rep.	Murphy	Tim	PA
Rep.	Napolitano	Grace	CA
Rep.	Nugent	Richard	FL
Rep.	Nunes	Devin	CA
Rep.	Owens	Bill	NY
Rep.	Pallone Jr.	Frank	NJ
Rep.	Pascrell Jr.	Bill	NJ
Rep.	Pearce	Steven	NM
Rep.	Pelosi	Nancy	CA
Rep.	Perlmutter	Edwin	CO
Rep.	Peters	Gary	MI

Rep.	McCarthy	Kevin	CA
Rep.	McCarthy	Carolyn	NY
Senator	McCaskey	Charles	MO
Rep.	McCauley	Michael	TX
Rep.	McClintock	Tom	CA
Senator	McConnell	Mitch	KY
Rep.	McLerran	Jim	WA
Rep.	McHenry	Patrick	NC
Rep.	McKeon	Howard	CA
Rep.	McKinley	David	WV
Rep.	McMorris		
Rep.	Rodgers	Timothy	GA
Rep.	McMahon	Patrick	PA
Senator	Menendez	Robert	NJ
Rep.	Miller	John	FL
Rep.	Miller	Gary	CA
Rep.	Miller	Jeff	FL
Senator	Moran	James	KS
Rep.	Murphy	Mark	SC
Senator	Murkowski	Lisa	AK



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Rep.	Perkins	Colin	WA
Rep.	Platts	Charles	NY
Rep.	Platts	Jim	PA
Rep.	Platts	Tom	TX
Rep.	Polis	Jared	CO
Rep.	Price	Tom	GA
Rep.	Quigley	Mike	IL
Rep.	Ramsey	Charles	NY
Rep.	Reed	Tom	NY
Senator	Reed	Jack	KI
Senator	Reid	Harry	NV
Rep.	Richardson	Laura	CA
Rep.	Richmond	Colin	LA
Rep.	Rohy	Martha	AL
Rep.	Roe	David	TN
Rep.	Rohrer	Tom	IN
Rep.	Rothman	Steven	NJ
Rep.	Roybal-Allard	Lucille	CA
Rep.	Ruppersberger	Dutch	MD
Rep.	Ryan	Tim	OH

Senator	Murray	Patty	WA
Rep.	Nadler	Jerrold	NY
Rep.	Nual	Richard	MA
Senator	Nelson	Bill	FL
Rep.	Neugebauer	Randy	TX
Rep.	Noem	Kristi	SD
Rep.	Nunnelee	Alan	MS
Rep.	Olson	Pete	TX
Rep.	Palazzo	Steven	MS
Rep.	Pastor	Ed	AZ
Senator	Paul	Rand	KY
Rep.	Paulsen	Lesk	MO
Rep.	Pence	Mike	IN
Rep.	Petri	Tom	WI
Rep.	Pompeo	Mike	KS
Senator	Portman	Rob	OH
Rep.	Posney	Bill	FL
Rep.	Price	David	NC
Rep.	Quayle	Ben	AZ
Rep.	Rahall	Nick	WV



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Sen	Warren	Long	CA
Rep	Wicker	Frank	CA
Sen	Wend	DeLoach	VT
Rep	Wells	Adams	CA
Rep	Schroeder	Kurt	OH
Rep	Scott	David	CA
Rep	Scott	Paul	CA
Rep	Swah	Tom	AL
Rep	Sullivan	Tim	CA
Rep	Sundius	John	IL
Rep	Simpson	Mike	ID
Rep	Smith	Adam	NE
Rep	Smith	Chris	SC
Rep	Speier	Jackie	CA
Rep	Stark	Pete	CA
Rep	Stivers	Steve	OH
Rep	Sutton	Betty Sue	OH
Rep	Terry	Lee	NE
Senator	Tetter	Jon	MD
Rep	Thompson	Mike	CA

Rep.	Ruberg	Danny	MT
Rep.	Reichert	Dave	WA
Rep.	Rennett	Tom	OH
Rep.	Ribble	Reid	WI
Rep.	Rigell	Scott	VA
Senator	Risch	James	ID
Rep.	Rivers	David	FL
Senator	Roberts	Pat	KS
Rep.	Rogers	Mike D.	AL
Rep.	Rogers	Mike L.	MD
Rep.	Rohrabacher	Dana	CA
Rep.	Rovney	Tom	FL
Rep.	Rosen	Paul	IL
Rep.	Ross	Donna	RI
Rep.	Rover	Ed	CA
Senator	Rubio	Marco	FL
Rep.	Ryan	Jon	MD
Rep.	Ryan	Paul	WI
Rep.	Sarbanes	John	MD
Rep.	Seahorse	Steve	LA



Rep.	Thompson	Blumenthal	MS
Rep.	Hillen	Petrus	OH
Rep.	Forbes	Paul	NY
Rep.	Freeman	Gold	MA
Senator	Edell	Alford	CO
Rep.	Vollmar	Byrd	NY
Rep.	Wachob	Pew	IN
Rep.	Watz	Timothy	MD
Senator	Wagner	Mark	VA
	Wasserman		
Rep.	Schultz	Debbie	FL
Rep.	Waters	Marianne	CA
Rep.	Wasserman	Henry	CA
Rep.	Welch	Peter	VT
Rep.	Westmoreland	Lynn	GA
Rep.	Wilson	Frederick	FL
Rep.	Wittman	Rob	VA
Rep.	Wolf	Frank	VA
Rep.	Woodhill	Rob	CA
Rep.	Yarnoch	John	KY

Rep.	Schakowsky	Jan	IL
Rep.	Schilling	Bobby	IL
Rep.	Schock	Aaron	IL
Senator	Schumer	Charles	NY
Rep.	Schwartz	Allyson	PA
Rep.	Schweiker	David	AZ
Rep.	Scott	Austin	GA
Rep.	Scott	Bobby	VA
Senator	Sessions	Jeff	AL
Rep.	Sessions	Pete	TX
Senator	Shaheen	Jeannie	NH
Rep.	Shuster	Bill	PA
Rep.	Sires	Alvin	NI
Rep.	Slaughter	Louise	NY
Rep.	Smith	Lamar	TX
Rep.	Smith	Adrian	WA
Rep.	Southard	Steve	FL
Rep.	Stearns	Cliff	FL
Rep.	Stutzman	Mark	IN



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Rep.	Thompson	Glenn	PA
Rep.	Thornberry	Mac	TX
Senator	Thune	John	SD
Rep.	Tierney	John	MA
Rep.	Tipton	Scott	CO
Senator	Toomey	Pat	PA
Rep.	Turner	Robert	NY
Rep.	Turner	Michael	OH
Rep.	Upton	Fred	MI
Rep.	Van Hollen	Chris	MD
Senator	Vitter	David	LA
Rep.	Walberg	Tim	MI
Rep.	Walsh	Joe	IL
Rep.	Watt	Melvin	NC
Rep.	Webster	Daniel	FL
Rep.	West	Allen	FL
Senator	Whitehouse	Sheldon	RI
Rep.	Whitfield	Ed	KY
Rep.	Wilson	Joe	SC
Rep.	Womack	Steve	AR



Senator	Wyden	Ron	OR
Rep	Yoder	Ron	KS
Rep	Young	C.W. Bill	IL
Rep	Young	Todd	IN

***Note:*** The numbers and CVV settings reflected above were as of August 14-15, 2012. Though a significant portion of Congress requires CVV for online donations, most members of Congress receive funds from independent third-party fundraising organizations that do not require the CVV for their own donations.





## APPENDIX C: Legal Intricacies of “knowing”

As confirmed in the pattern jury instructions applicable in criminal trials in federal courts, “[t]he word ‘knowingly’ means that an act was done voluntarily and intentionally and not because of a mistake or by accident.”<sup>202</sup> Knowledge and intent are most often proved by circumstantial and not direct evidence. For example, to show that someone knowingly agreed to participate in a criminal conspiracy, the prosecution will not likely discover a signed agreement confirming the unlawful plan. Instead, the government will rely on the surrounding circumstances to show that the defendant formed the requisite intent to join the conspiracy. Juries are expressly told there is no legal difference in the weight they may give to either direct or circumstantial evidence.

In considering the evidence you may use reasoning and common sense to make deductions and reach conclusions. You shouldn’t be concerned about whether the evidence is direct or circumstantial. “Direct evidence” is the testimony of a person who asserts that he or she has actual knowledge of an act, such as an eyewitness. “Circumstantial evidence” is proof of a chain of facts and circumstances that tend to prove or disprove a fact. There’s no legal difference in the weight you may give to either direct or circumstantial evidence.<sup>203</sup>

As the courts have put it, “the test for evaluating circumstantial evidence is the same as in evaluating direct evidence.”<sup>204</sup>

The courts have long recognized “that intent, being a state of mind, is rarely if ever susceptible of direct proof.”<sup>205</sup> As the court in *Grant* explained, “almost inevitably, [intent] must be shown solely by circumstantial evidence.”<sup>206</sup> “Since intent necessarily involves the state of mind of the perpetrator, very often circumstantial evidence is the only evidence available to prove intent.”<sup>207</sup> Intent and knowledge “may be inferred from [the] surrounding circumstances.” The concept was well expressed in Devitt and Blackmar’s oft-cited treatise on federal practice and instructions:

Intent ordinarily may not be proved directly because there is no way of fathoming

<sup>202</sup> Instruction 9.1A, *Eleventh Circuit Pattern Jury Instructions in Criminal Cases* (2010).

<sup>203</sup> Instruction 4, *Eleventh Circuit Pattern Jury Instructions, Criminal Cases* (2010).

<sup>204</sup> *United States v. Barnette*, 800 F.2d 1558, 1566 (11th Cir. 1986).

<sup>205</sup> *Grant v. State*, 13 So.3d 163, 166 (Fla. 1st DCA 2009).

<sup>206</sup> *Id.* at 166, quoting *Grover v. State*, 581 So.2d 1379, 1380 (Fla. 4th DCA 1991); see also, *Szilagyi v. State*, 564 So.2d 644, 646 (Fla. 4th DCA 1990).

<sup>207</sup> *State v. Norris*, 384 So.2d 298, 299 (Fla. 4th DCA 1980).



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or scrutinizing the operations of the human mind. But you may infer the defendant's intent from the surrounding circumstances. You may consider any statement made (or done or omitted) by the defendant, and all other facts and circumstances that indicate his state of mind. You may consider it reasonable to draw the inference and find that a person intends the natural and probable consequences of acts knowingly done or knowingly omitted.<sup>208</sup>

The law also recognizes that a person's knowledge and intent to break the law can be inferred from a "wilful blindness" to facts that would lead a reasonable person to believe an offense is being committed.<sup>209</sup> As the court instructed the jury in *Ramirez-Carvajal*:

Intent and knowledge ordinarily may not be proved directly because there is no way of fathoming or scrutinizing the operation of the human mind. But you may infer a defendant's knowledge from all the surrounding circumstances. You may consider any act or statement made and done or omitted by the defendant, and all other facts and circumstances in evidence, which indicate his state of mind. *What a person does is frequently more indicative of his true state of mind than what he says. The element of knowledge may be satisfied by inferences drawn from proof that a defendant deliberately closed his eyes to what otherwise would have been obvious. You may infer knowledge if you find beyond a reasonable doubt that a defendant refused to be enlightened or refused to take notice. Stated another way, a defendant's knowledge may be inferred from a wilful blindness to the existence of the fact.* It is entirely up to you as to whether you find beyond a reasonable doubt any deliberate closing of the eyes and any inferences to be drawn from any such evidence. Evidence showing mere negligence or mistake is not enough to support a finding of wilfulness or knowledge.<sup>210</sup>

The Sixth Circuit expressed the same concept in emphasizing that "[n]o one can avoid responsibility for a crime by deliberately ignoring the obvious."<sup>211</sup>

<sup>208</sup> Instruction 14.13, Devitt Blackmar & Wolf, *Federal Jury Practice and Instructions* (4th Ed.).

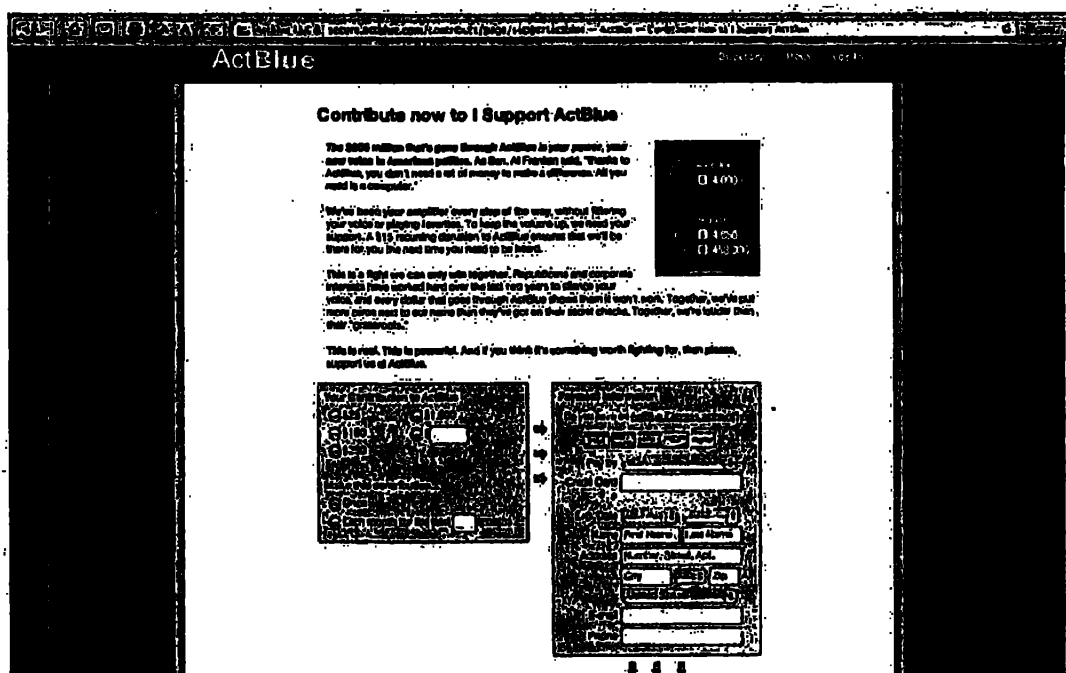
<sup>209</sup> See *United States v. Ramirez-Carvajal*, 902 F.2d 30 (4th Cir. 1990).

<sup>210</sup> See 902 F.2d 30 at \*3.

<sup>211</sup> Instruction 2.09 "Deliberate Ignorance" *Sixth Circuit Pattern Jury*



1.



2.

ACT RIGHT .com

### Contribute to ActRight Fund

**CONTRIBUTION AMOUNT**

**DONATIONS TOTAL:**

Don Name:

Don Email:

Don Amount:

Don Date:

Don Status:

Don Notes:

**CONTACT INFORMATION**

1. First Name:

2. Last Name:

3. Address:

4. Address 2:

5. City:

6. State:

7. Zip:

8. Phone:

9. Email:

10. Country:

**PAYMENT INFORMATION**

11. Card Number:

12. Exp Date:

13. Cardholder Name:

14. Billing Address:

15. Billing City:

16. Billing State:

17. Billing Zip:


18. Billing Phone:

19. Billing Email:

20. Billing Country:

3.

FritsHuis.nl



**You're welcome Mister President**

Verenigde Staten 22 maart 2016 4:19

Dear Mr. Obama

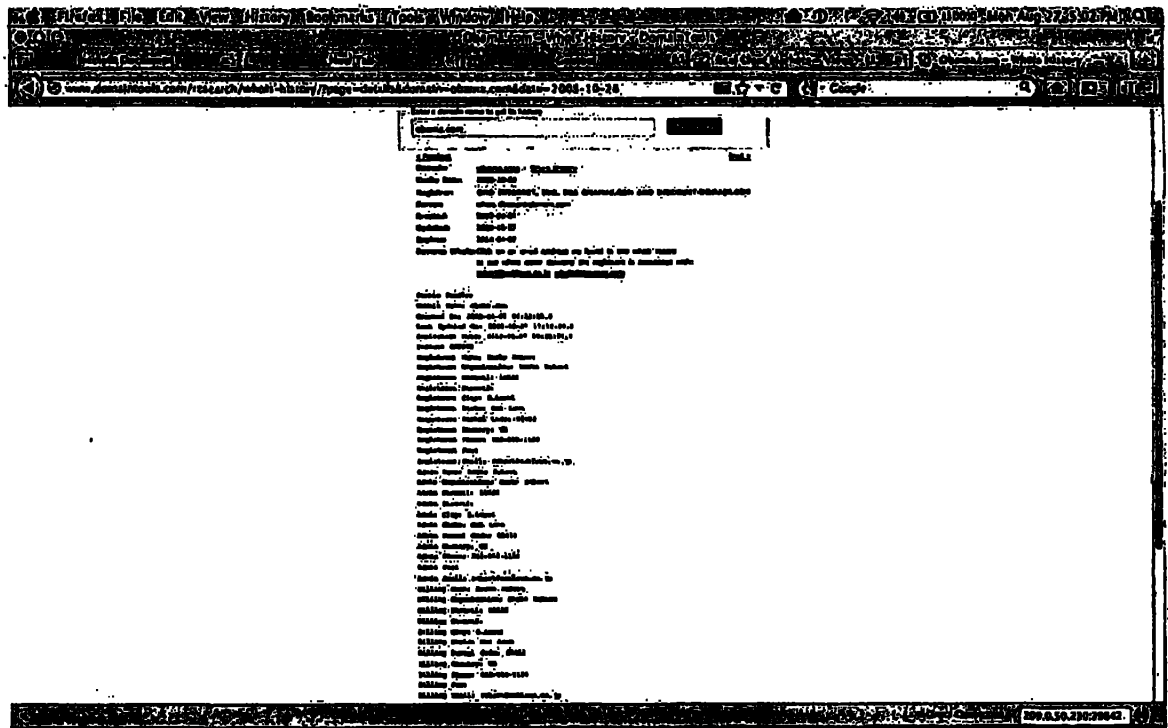
Thank you for your leadership and for the progress you have made in the first term of your presidency. We are proud to have you as our President and we look forward to working with you in the second term.

4.

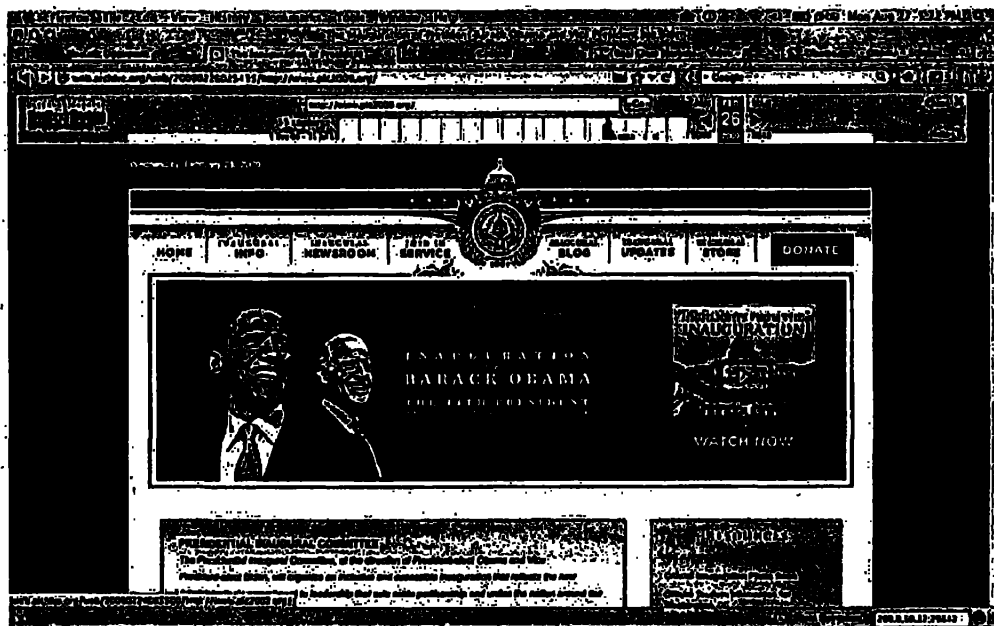
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5.

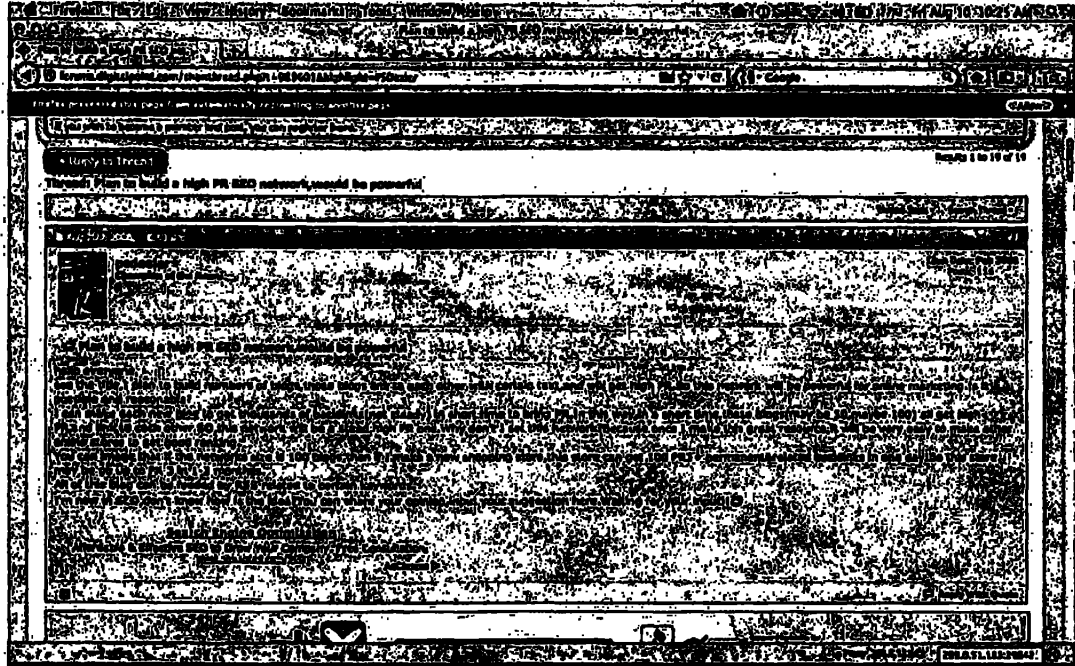


6.



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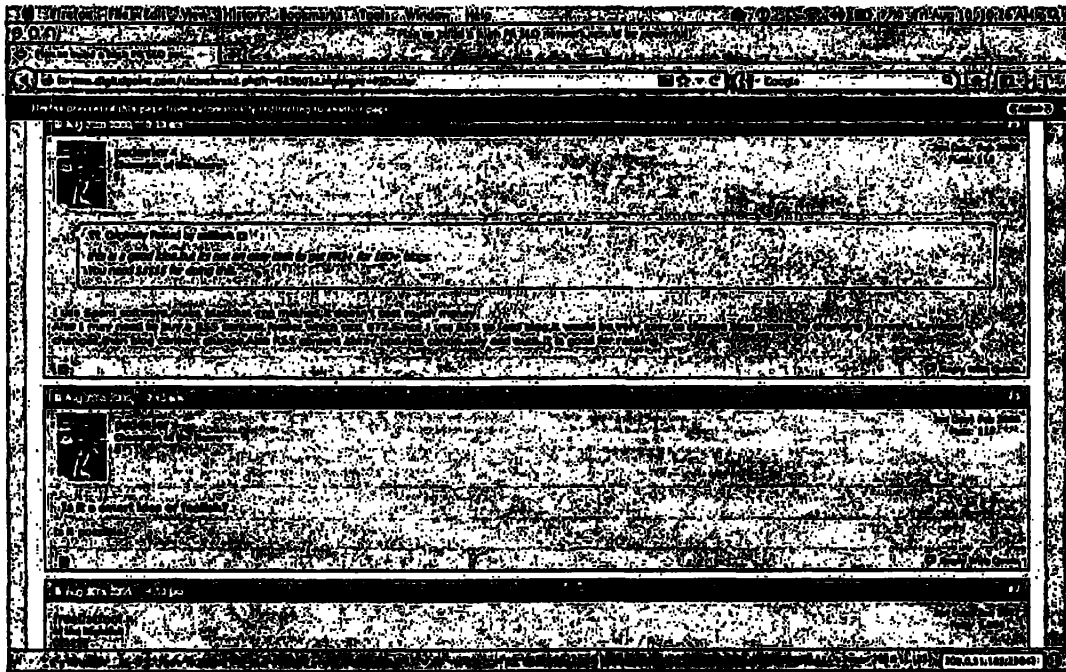
7.







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8.



13044341022




9.




A very good article, you have brought to light the things that I missed while metaphorically reading "The book about Cope". I had skipped some pages that still my cringing at the leader in the AAC days and I state my fight against this. I would really do with articles like this, not biased or displaying but metaphorically true,

Apr 20, 2009 at 7:48 pm




After reading this article I am more encouraged to vote for COPE

Apr 21, 2009 at 9:39 am



Two are mistaken about COPE. They are a non-racial party, not just a party for blacks, or more specifically, for Africans. However, admittedly, their biggest failure so far was to propose the usurping of AAC. DESPITE KNOWING VERY WELL THAT BLACKS ARE THE POOREST IN THIS COUNTRY and that they are discriminated against on a daily basis

Apr 21, 2009 at 11:04 am



It's been 10 days @mari! Where are you dude? Withstanding...

May 6, 2009 at 9:04 am

LEAVE A REPLY



13044341023

13044341024

25/07/2009 09:11:27 448.000

[illegible]

25/01/2009 às 18:25 Responder:

\_\_\_\_\_ || \_\_\_\_\_ : || ] - || - || || || - || \_\_\_\_\_

2001/2009 75 2129 (English)

presidente negro da história dos Estados Unidos!

27/01/2009 às 18:07 Respondido:



<http://militar.infomondo.ro/opinii/sa-radern-cu-armata-2.html/comment-page-1>

12.

POSTED BY MUSLIM SUMMI AT 3:53 AM 

LABELS: MUTAH, MUTTA, MUTTAN, SHIA, SHIA MUTAH, SHIA MUTTAN

### 89 COMMENTS:



obama April 10, 2009 5:22 AM

Beghairat aur behrayne k shwa kuch nahi. Mann behan ka tie  
li haz nahi baqi harkelein tu door ke bant. Ghaleese qaum  
SHIA.

A

I

FUCK

Reply

▼ Replies



Anonymous February 5, 2012 4:46 AM

umer abu bakar usman I fuck u tmhare olado ko  
chodo randi randi umer randi

Reply



Anonymous April 20, 2009 5:46 AM

gadhey ke bechey hain yeh saaley abis harami pan ke mutah  
ki pladwar

Reply



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**ATTACHMENT 9**

This is WND printer-friendly version of the article which follows.

To view this item online, visit <http://www.wnd.com/2012/10/obama-accepts-osama-bin-laden-donations/>



WND EXCLUSIVE

## OBAMA ACCEPTS 'OSAMA BIN LADEN' DONATIONS

**No block to foreign money – not even from dead terrorists**

Published: [October 29, 2012]



by **AARON KLEIN** [Email](#) | [Archive](#)

Aaron Klein is WND's senior staff reporter and Jerusalem bureau chief. He also hosts "[Aaron Klein Investigative Radio](#)" on New York's WABC Radio. Follow Aaron on [Twitter](#) and [Facebook](#).



WASHINGTON – Using a Pakistani Internet Protocol and proxy server, a disposable credit card and a fake address, "Osama bin Laden" has successfully donated twice to Barack Obama's presidential re-election campaign.

The "Bin Laden" donations, actually made by WND staff, included a listed occupation of "deceased terror chief" and a stated employer of "al-Qaida."

"Bin Laden" is currently set up on the official campaign website to contribute more to Obama's campaign. The name is also registered as a volunteer.

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Since the "foreign" contribution was sent, "Bin Laden's" email address has received several solicitations from Obama's campaign asking for more donations.

*Incredible 1-day offer: Get Aaron Klein's "Fool Me Twice" for only \$4.95! The New York Times bestseller called most important book of election season*

The apparently foreign-based contributions were conducted as a test after a flurry of media reports described the ability of foreigners to donate to the Obama campaign but not to Mitt Romney's site, which has placed safeguards against such efforts.

The acceptance of foreign contributions is strictly illegal under U.S. campaign finance law.

One \$15 donation was made at BarackObama.com using a confirmed Pakistani IP address and proxy server. In other words, as far as the campaign website was concerned, the donation was openly identified electronically as coming from Pakistan.

Upon clicking the "donate" button, WND staff selected the \$15 amount and were taken to a page on the campaign website asking for a first and last name, city, state, zip code, email address and phone number.

The information submitted was: "Osama bin Laden, 911 Jihad Way, Abbottabad, CA 91101."

While the website only has options for U.S. states and zip codes, there is no mechanism in place on Obama's website to verify the individual is actually located in that state or zip code, or even in the U.S.

The Obama campaign refuses to release the identification of donors who give less than \$200

In the case of this donation, the 91101 zip code is real but corresponds to Pasadena, Calif., and not Abbottabad, the Pakistani city in which bin Laden was found holed up in a compound.

For a requested phone number, WND used the White House information line of (202) 456-2121.

The email address used to set up the donation account was osama4obama2012@gmail.com.

After clicking "next," the website asked for an employer, occupation and a password to set up future donations. WND staff entered the occupation as "deceased terror chief" and the employer as "al-Qaida."

The transaction was made last Friday with the use of a disposable credit card. The website did not require the card's security code.

Store ▾

OBAMA  BIDEN

## Billing Address

First name\*

Osama

Last name\*

Binladen


Address\*

911 Jihad Way

City\*

Abbattabad

State\*

CA 

Zip\*

91101

Phone number\*

2024562121

☒ Link my mobile phone number with my account so that I can donate and receive c  
and data rates may apply.

## Credit Card

☒ American Express

☐ Discover

☐ MasterCard

☐ Visa

Credit card number\*

Expiration date\*

Screenshot from BarackObama.com

## Employment

Federal law requires us to use our best efforts to collect and report the name, mailing address, occupation, and employer of individuals whose contributions exceed \$200 in an election cycle.

Employer

Al Qaeda

Occupation\*

Deceased terror chief

### SAVE PAYMENT METHOD

By clicking on the "save payment method" button above you confirm that the following statements are true and accurate:

1. I am a United States citizen or a lawfully admitted permanent resident of the United States.
2. This contribution is not made from the general treasury funds of a corporation, labor organization or national bank.
3. This contribution is not made from the treasury of an entity or person who is a federal contractor.
4. This contribution is not made from the funds of a political action committee.
5. This contribution is not made from the funds of an individual registered as a federal lobbyist or a foreign agent, or an entity that is a federally registered lobbying firm or foreign agent.
6. I am not a minor under the age of 18.
7. The funds I am donating are not being provided to me by another person or entity for the purpose of

Screenshot from BarackObama.com

The campaign website immediately accepted the contribution even though it was made from a Pakistani IP address and despite the nonexistent street name and city information.

An automated email was immediately sent from Rufus Gifford, national finance director of Obama for America, thanking "Osama" for the contribution. The email contained a note that said, "There may be a minor delay in the processing of your contribution as it will be subject to review." However, "Osama bin Laden's" foreign donation evidently passed the Obama campaign's "review."

As of today, the \$15 was debited from the disposable card.

To test if the first donation was an oversight, a second donation of \$5 was made the following day using the "Bin Laden" account and the same Pakistani IP address.

**Recent activity:**

Activity Type (URL, Browser, media, POP, etc.)	Location (IP address) (12)
Browser	* Pakistan (121.52.144.245)
Browser	* Pakistan (121.52.144.245)

Alert preference: Show an alert for unusual activity, change

\* indicates activity from the current session.

This computer is using IP address 121.52.144.245. (Pakistan)

**Screenshot of Pakistani IP address**

WND has received confirmation from the credit card company that the purchase went through and the \$5 was deducted from the disposable card.

From the time of the first donation until today, the Obama campaign sent nine more emails to the bin Laden Gmail account soliciting more donations.

One email sent Saturday reads, "Thanks so much for your donation of \$5.00. Please take 10% off your next purchase of \$10 or more at our online store."

Another, signed by Michelle Obama, was titled "Barack is getting outraged."

"You're one of the campaign's most committed supporters," Michelle Obama writes in the automated email to "bin Laden."

"Please make a donation of \$19 or whatever you can today."

The donations from a Pakistani IP address are sure to raise further questions about the measures in place to block such donations.

**'Time for an investigation'**

Cleta Mitchell, a Republican campaign finance attorney, told WND there were many documented cases of illegal foreign contributions to the Obama campaign in 2008 that were "wholly ignored by the Federal Election Commission and the Obama Department of Justice."

"I have been hearing the same stories from many sources during this campaign as well," she said. "Every other campaign has safeguards against these illegal transactions – every campaign except the Obama campaign."

Mitchell told WND it's "abundantly clear that the Obama campaign is raising and accepting illegal contributions – and is being protected from investigation by his politicized Department of Justice."

"It is high time that this was investigated and all illegal funds disgorged – and those responsible be prosecuted," she asserted.

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In 2008, WND reported two Palestinian brothers inside the Hamas-controlled Gaza Strip donated \$29,521.54 to Obama's first presidential campaign. After the report, the campaign reportedly returned the donations.

"As a 15-year veteran Internet entrepreneur, I can tell you what this episode reveals: There is no intent on the part of the Obama campaign to discourage any illegal foreign campaign contributions," said Joseph Farah, founder and chief executive officer of WND. "There are simple processes the Obama campaign could put in place to ensure transactions like this could never take place. No human review of transactions would even be necessary if such systems were in place. But apparently none of them are—making it certain illegal foreign contributions would be accepted by the Obama campaign."

Last week, the New York Post reported a British citizen, Chris Walker, was able to make two \$5 donations through Obama's campaign website, while a similar attempt to give Mitt Romney online funds was rejected.

The Post noted how the Federal Election Commission posted data showing Obama's campaign took in more than \$2 million from donors who provided no ZIP code or incomplete ZIP codes.

Michael Czin, an Obama campaign spokesman, told the Post that FEC data was the result of "a minor technical error."

"All the ZIP codes and numbers are real and can be verified," Czin said.

However, if all zip codes are real, Czin has some explaining to do after the "Bin Laden" donation from a zip code based on the anniversary of the September 11th attacks.

The non-profit Government Accountability Institute recently released a report alleging Obama's campaign had solicited foreigners for political donations through its social media websites.

As the Daily Caller reported, a statement accompanied the GAI's report from former U.S. Attorney Ken Sukhia noting that 68 percent of traffic to BarackObama.com comes from foreign users, all of whom are redirected to a fundraising page operated by the president's re-election campaign.

The GAI report further documented how Obama.com was registered in September 2008 to Robert Roche, an Obama campaign bundler living in Shanghai, China.

WND is preparing an affidavit for the Federal Elections Commission and the FBI on the illegal donation accepted by the Obama campaign.

*Editor's note: Additional research by Joshua Klein*

*Media wishing to interview Aaron Klein should write to [media@wnd.com](mailto:media@wnd.com)*

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## ATTACHMENT 10

# Human Events

POWERFUL CONSERVATIVE VOICES

TODAY IS: OCTOBER 31, 2012 | 4:33 PM

HUMAN EVENTS BLOG

## "OSAMA BIN LADEN" DONATES TO THE OBAMA CAMPAIGN

By: John Hayward  
10/30/2012 09:39 AM

The scandal nobody in the media wants to talk about rolls on, as Aaron Klein, Jerusalem bureau chief of World Net Daily, reports no difficulty when using "a Pakistani Internet Protocol and proxy server, a disposable credit card, and a fake address" to make a donation to Barack Obama's presidential campaign under the name "Osama bin Laden."

The World Net Daily staff actually had the cheek to give Mr. bin Laden's occupation as "deceased terror chief," and list "al-Qaida" as his employer. The phony address given was "911 Jihad Way, Abbottabad, CA 91101." (Is the WND staff certain that isn't a real address, somewhere on the outskirts of Berkeley?)

The sole attempt made by Obama's campaign website to ensure this was a legal U.S. donation was a menu listing only American zip codes... but no effort was made to compare the zip code to the listed city and state, an elementary act of computer programming. At no point was the security code for the credit card requested - a minimal security precaution taken by over 90 percent of online retailers, including the merchandise shop on Obama's campaign site.

The Obama campaign accepted the bin Laden money without complaint, and promptly began sending him email solicitations for further donations. The Gmail address given for the illegal donation was "osama4obama2012."

It's not just Obama's campaign raking in illegal foreign donations... Michael Patrick Leahy at Breitbart.com reports that fabled Champion of the Little Guy... that fierce class warrior decked out in ersatz Indian war paint... that fabled consumer advocate Elizabeth Warren has been setting a few unfavorable records in her Massachusetts Senate campaign. She has the most money raised in a single election cycle by a candidate for the United States Senate from online sites vulnerable to fraud and foreign donations, and highest percentage of money raised in a single election cycle by a candidate for the United States Senate online sites vulnerable to fraud and foreign donations as a percentage of total funds raised. That's \$18.3 million that could have come from anyone, anywhere. And unlike the thwarted "consumer czar" he's running against, Republican Scott Brown does perform basic security tests on his online donations.

Campaign finance reform is a long-running media obsession, but when it comes to the most blatant, easily-prevented abuse we've ever seen, they couldn't care less. Any network news anchor could duplicate the test World Net Daily performed, which is just a more sarcastic version of donation tests performed by a few watchdog groups and conservative bloggers. But when the media talks about "campaign finance reform," they really mean legislation that would enhance their own influence, such as Obama's occasional pledges to overturn the Supreme Court's *Citizens United* decision with a constitutional amendment. They're not even mildly curious that the man who thinks only media corporations are entitled to political speech is cheerfully willing to accept donations from mysterious foreign sources... or, evidently, foreign sources that openly declare themselves to be undead terrorist masterminds.

Update: Another test of the Obama campaign's nonexistent defenses against illegal foreign donations came from British Journalist Mike McElally, who was able to successfully process three separate illegal donations, as chronicled at PJ Media. McElally didn't parade through the Obama donation system waving huge red flags like the World Net Daily team, but his donations were nonetheless clearly outside the law. He was swiftly and efficiently prevented from making similar donations to the Romney campaign.

After the donations were processed, McElally got an email from the "compliance department" of the Obama campaign, asking for copies of his passport information - a response that seemed to assume he was a U.S. citizen living abroad, and all the more unusual in light of the Obama donation system's failure to ask him for a passport number. McElally ignored the letter, and made further donations with an entirely fictitious U.S. address instead of the U.K. address on file with his bank. These donations were accepted without complaint by Team Obama.

His subsequent efforts to obtain a refund didn't get far, and his complaint to the Federal Election Commission elicited a shrug. It seems that as long as individual donation amounts are kept below \$200, huge amounts of illegal money can be moved into the Obama campaign below the FEC radar, without consequence. And a little simple Web programming can get a lot of money moving in \$199 chunks.

None of this is really a new story - the Obama campaign had similar problems with questionable donations in 2008. Our government passes thousands of pages of tortured campaign finance law, some of which turn into wet tissue paper upon contact with the First Amendment, but it won't pass a one-page law mandating basic security procedures for credit card donations, with swift and terminal consequences for any campaign that fails to comply. Somehow our gigantic federal bureaucracy can't muster enough manpower to do the kind of policing that bloggers are doing in their spare time. And it's far too late to do anything about Obama's campaign finances now. What would happen if Obama wins re-election, and sometime in January the FEC announces the results of some long-running investigation that proves he was taking illegal money? There's no way on Earth that the election results would be overturned, or the

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President would suffer any personal legal consequences... and what lesser penalty would make it truly unthinkable for future campaigns to play fast and loose with foreign donations?

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# **ATTACHMENT 11**

To view this item online, visit <http://www.wnd.com/2012/11/bin-laden-solicits-foreign-donors-on-obamas-website/>



WND EXCLUSIVE

'Bin Laden' solicits foreign donors on Obama's website

Page openly identifies 'terror chief' calling for 'holy foreign' funders

Published: 3 hours ago (November 1, 2012 / 11 am EDT)



by [Aaron Klein](#) [Email](#) | [Archive](#)

Aaron Klein is WND's senior staff reporter and Jerusalem bureau chief. He also hosts "[Aaron Klein Investigative Radio](#)" on New York's WABC Radio. Follow Aaron on [Twitter](#) and [Facebook](#).



 **grassroots**  
FUNDRAISING

 Secure

**Contributor**

\*First name  \*Last name

\*Address

\*City  \*State  \*Zip

\*Email address  \*Phone number

**Select amount**

☐ \$10 ☐ \$25 ☐ \$50 ☐ \$100  
☐ \$250 ☐ \$500 ☐ \$1,000 Other:  (USD)


**Credit card**

VISA   

**Fatwa/Foreign Donations**



This campaign will be funded by the many holy foreign donors like you and me -- fighting for change we can believe in, Inshallah.

 **Total Amount Raised**  
\$0  
**Your Goal:** \$100  
**Contributions:** 0

Graphics updated every 5 minutes

Utilizing a Pakistani proxy server, "Osama bin Laden" this week has been running a grassroots fundraising page titled "Fatwa: Foreign Donations" on President Obama's campaign website that openly seeks foreign donations.

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"Bin Laden's" foreign donors page was not removed by the Obama campaign after a WND report earlier this week exposed how the same "bin Laden" account had successfully donated twice to Obama's presidential re-election campaign. After the WND report, one of the donations was officially returned while another is listed as pending.

The "bin Laden" foreign donors page was still active even after "bin Laden" sent an email to the Obama campaign yesterday alerting them to "his" page.

The email concerned a campaign competition for supporters who had donated \$3 to meet President Obama on Election Night. "Bin Laden" had donated the \$3 for the competition and had asked the campaign in the email whether he could bring wanted al-Qaida leader Ayman Al-Zawahiri as a guest. The email also provided a link to "bin Laden's" grassroots page seeking foreign donations.

Get Aaron Klein's "Fool Me Twice," the New York Times bestseller called the most important book of the election season

"Bin Laden's" page was set up by WND staff on Tuesday as a test after media reports described the ability of foreigners to donate to the Obama campaign.

The test was also in response to a nonprofit group's report alleging Obama's campaign had solicited foreigners for political donations through its social media websites.

The acceptance of foreign contributions is strictly illegal under U.S. campaign finance law.

"Bin Laden's" page was set up on the Obama campaign website using a Pakistani proxy server, meaning that as far as the campaign was concerned, the user was openly identified electronically as coming from Pakistan.

"This campaign will be funded by the many holy foreign donors like you and me - fighting for change we can believe in, Inshallah," reads the public page.

"Bin Laden" immediately made a \$3 donation for the competition using a disposable credit card. The donation is currently pending, according to the credit card company.

Earlier this week, WND reported how the same "bin Laden" account made two other donations.

The first, a \$15 donation, was made at BarackObama.com using a confirmed Pakistani IP address and proxy server.

Upon clicking the "donate" button, WND staff selected the \$15 amount and were taken to a page on the campaign website asking for a first and last name, city, state, zip code, email address and phone number.

## Billing Address

First name\*

Osama

Last name\*

Binladen

Address\*

911 Jihad Way

City\*

Abbattabad

State\*

CA 

Zip\*

91101

Phone number\*

2024562121

☒ Link my mobile phone number with my account so that I can donate and receive c  
and data rates may apply.

## Credit Card

☒ American Express☐ Discover☐ MasterCard☐ Visa

Credit card number\*

Expiration date\*

Screenshot from BarackObama.com

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## Employment

Federal law requires us to use our best efforts to collect and report the name, mailing address, occupation, and employer of individuals whose contributions exceed \$200 in an election cycle.

Employer

Al Qaeda

Occupation\*

Deceased terror chief

### SAVE PAYMENT METHOD

By clicking on the "save payment method" button above you confirm that the following statements are true and accurate:

1. I am a United States citizen or a lawfully admitted permanent resident of the United States.
2. This contribution is not made from the general treasury funds of a corporation, labor organization or national bank.
3. This contribution is not made from the treasury of an entity or person who is a federal contractor.
4. This contribution is not made from the funds of a political action committee.
5. This contribution is not made from the funds of an individual registered as a federal lobbyist or a foreign agent, or an entity that is a federally registered lobbying firm or foreign agent.
6. I am not a minor under the age of 18.
7. The funds I am donating are not being provided to me by another person or entity for the purpose of

Screenshot from BarackObama.com

The information submitted was: "Osama bin Laden, 911 Jihad Way, Abbottabad, CA 91101."

While the website only has options for U.S. states and zip codes, there is no mechanism in place on Obama's website to verify the individual is actually located in that state or zip code, or even in the U.S.

The Obama campaign refuses to release the identification of donors who give less than \$200. In this donation, the 91101 zip code is real but corresponds to Pasadena, Calif., not Abbottabad, the Pakistani city in which bin Laden was found holed up in a compound.

For a requested phone number, WND used the White House information line of (202) 456-2121. The email address used to set up the donation account was osama4obama2012@gmail.com.

Recent activity:

Activity Type (ID)	Location (IP address) (ID)
Browser	* Pakistan (121.52.144.245)
Browser	* Pakistan (121.52.144.245)

Alert preference: Show an alert for unusual activity change

\* indicates activity from the current session.

This computer is using IP address 121.52.144.245. (Pakistan)

Screenshot of Pakistani IP address

After clicking "next," the website asked for an employer, occupation and a password to set up future donations. WND staff entered the occupation as "deceased terror chief" and the employer as "al-Qaida."

The transaction was made last Friday with the use of a disposable credit card. The website did not require the card's security code.

To test if the first donation was an oversight, a second donation of \$5 was made the following day using the "Bin Laden" account and the same Pakistani IP address.

That donation was accepted by the campaign and was deducted from the disposable credit card. After the WND report drawing attention to the donation, the campaign officially returned the \$5 yesterday.

Nevertheless, even after the WND expose on the illegal foreign donation, the Obama campaign continued to send "bin Laden's email" daily solicitations for more donations.

The Obama campaign has been plagued by accusations of foreign donations going back to 2008, when, WND reported two Palestinian brothers inside the Hamas-controlled Gaza Strip donated \$29,521.54 to Obama's first presidential campaign. After the report, the campaign reportedly returned the donations.

Last week, the New York Post reported a British citizen, Chris Walker, was able to make two \$5 donations through Obama's campaign website, while a similar attempt to give Mitt Romney online funds was rejected.

The Post noted how the Federal Election Commission posted data showing Obama's campaign took in more than \$2 million from donors who provided no ZIP code or incomplete ZIP codes. Michael Czin, an Obama campaign spokesman, told the Post that FEC data was the result of "a minor technical error."

"All the ZIP codes and numbers are real and can be verified," Czin said.

However, if all zip codes are real, Czin has some explaining to do after the "Bin Laden" donation from a zip code based on the anniversary of the 9/11 attacks.

The non-profit Government Accountability Institute recently released a report alleging Obama's campaign had solicited foreigners for political donations through its social media websites.

As the Daily Caller reported, a statement accompanied the GAI's report from former U.S. Attorney Ken Sukhia noting that 68 percent of traffic to BarackObama.com comes from foreign users, all of whom are redirected to a fundraising page operated by the president's re-election campaign.

The GAI report further documented how Obama.com was registered in September 2008 to Robert Roche, an Obama campaign bundler living in Shanghai, China.

WND is preparing an affidavit for the Federal Elections Commission and the FBI on the illegal donation accepted by the Obama campaign.

*Media wishing to interview Aaron Klein should write to [media@wnd.com](mailto:media@wnd.com)*

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